

|                                          | Month (%)   | Quarter (%) | FYTD (%)    | 1 year (%) | 2 year (% p.a.) | 3 year (% p.a.) | Since inception^ (% p.a.) |
|------------------------------------------|-------------|-------------|-------------|------------|-----------------|-----------------|---------------------------|
| Perennial Microcap Resources Trust (Net) | -9.0        | -19.7       | -9.0        | 32.8       | 35.0            | 28.7            | 15.4                      |
| S&P ASX Small Ordinaries Resources Index | -3.7        | -14.5       | -3.7        | 28.3       | 21.8            | 13.3            | 6.3                       |
| <b>Value Added</b>                       | <b>-5.3</b> | <b>-5.2</b> | <b>-5.3</b> | <b>4.5</b> | <b>13.2</b>     | <b>15.4</b>     | <b>9.1</b>                |

^ Since inception: August 2021. Past performance is not a reliable indicator of future performance

## Overview

We were wrong footed by Iran volatility in July, as the restart of hostilities on the 7<sup>th</sup> sparked a repeat rally in oil and reversed a tentative bounce in gold stocks. The trust returned -9.0% in the month, with the rolling 12mth return easing to 32.8% net of all fees.

Inflation concerns, reignited in July after the oil price spiked 37.6% in the month, taking rates higher with it. This in turn added to funding concerns regarding the sustainability of the AI capex boom, with a read through to commodity demand.

That entire confluence of bearish economic factors was turned on its head on the last day of the month, when the US facilitated US\$87 billion worth of support for the Yen.

The US did this to avoid the largest holder of US debt (Japan with US\$1.1trn) from selling US Treasuries to fund Yen buying. The US is sensitive about anyone selling US debt, as it competes with the US issuing debt to fund itself, pushing rates higher in the process.

And such, the market was reminded of why gold had been rallying last year. It's because the US is struggling to fund itself and the world is looking for alternate stores of value, a positive tailwind for hard assets.

## Perennial Microcap Resources Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of Australian small and microcap listed and unlisted companies operating in the business of commodity production, commodity investment or as a service provider to the industry of commodity production.

### Portfolio Manager

Sam Berridge

### Trust FUM

AUD \$13.7 million

### Distribution Frequency

Annual

### Minimum Initial Investment<sup>1</sup>

\$25,000

### Trust Inception Date

August 2021

### Fees

1.20% p.a. + Performance fee

### APIR Code

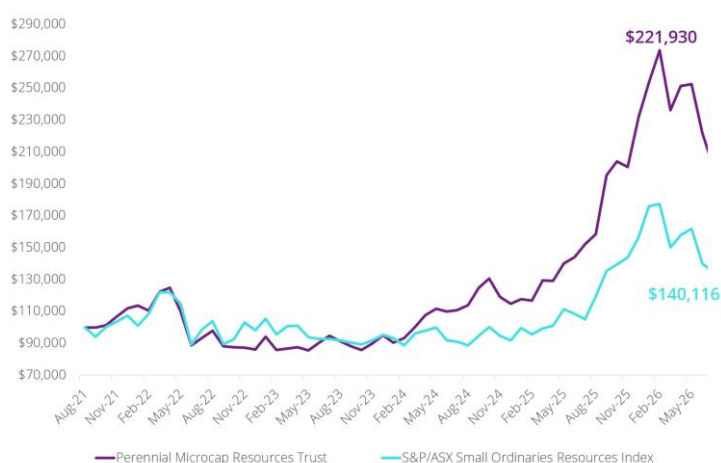
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<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

| Top 5 Positions | Trust (%) |
|-----------------|-----------|
| PC Gold Ltd     | 8.0       |
| Lux Copper      | 7.3       |
| Sentinel Metals | 6.1       |
| Emperor Energy  | 6.0       |
| Metro Mining    | 5.6       |

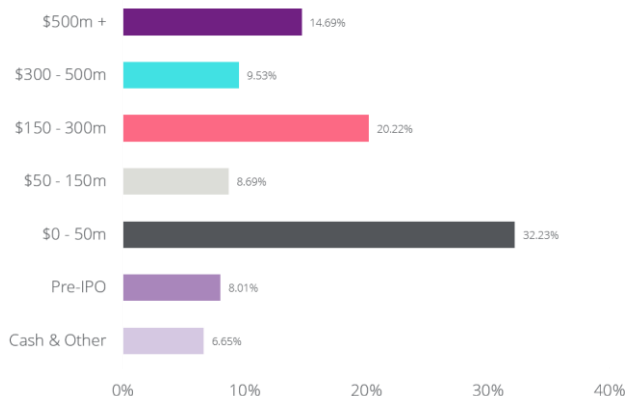
Source: Perennial Value Management. As at 31 July 2026.

## Growth of \$100,000 Since Inception

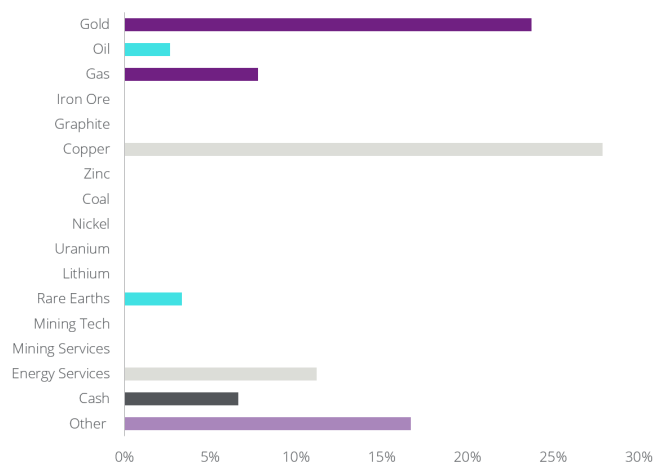


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Market Capitalisation Exposure



## Sector Exposure



## Trust Review

Better performing stocks for the month included:

- Gold producer **Ora Banda** bucked the trend of weaker gold equity performance, returning +7.6% for the month. OBM was buoyed by a continued string of exploration results, implying mine life extensions will continue.
- Copper explorer **FMR Resources** rallied +30.8% post announcing a material addition to its Chilean tenure. The 3,300ha land position hosted rock chip samples as high as 10.8% Cu and multiple artisanal mining sites.

Stocks which weighed on the portfolio during the month included:

- Rare earths developer, **Brazilian Rare Earths** eased -16.5% on no news. Rare earth prices remained steady during the month.
- Bauxite producer **Metro Mining**, fell -20.8% despite reporting solid cash flow and a material reduction of net debt in the June quarter. Bauxite prices remain steady.

### Rising rates and falling currency a cause for concern

Amongst the myriad of factors which influence foreign exchange rates, interest rate differentials are foremost among them. It's intuitive that a country's currency should trade higher as the rates on its debt increase, as global flows of capital are drawn towards the higher interest rate.

So what does it mean when a country's currency decreases while its rates are increasing? At a superficial level it means investors demand a higher return for holding that governments' debt, and on balance investors are selling that currency in favour of others. At a deeper level it reflects concerns around the sustainability of that government to fund itself.

This is exactly what happened to the US in July. With the sensitivity of the US government highlighted by the measures it took to assist Japan to avoid selling any of the US debt it holds, which would have contributed to even higher rates.

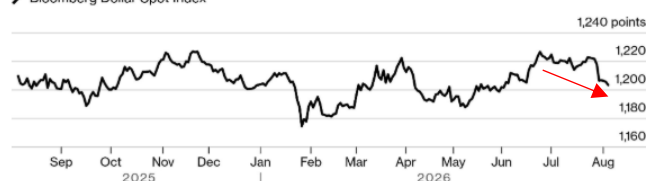
This is at the core of the market's appetite for alternatives to the US dollar for stores of value, with hard asset valuations likely to be seen as a desirable alternative.

### Dollar Falls Even With US Yields Near Multi-Year Highs

US 30-year Treasury yield



Bloomberg Dollar Spot Index



Source: Bloomberg

## Global, Currency & Commodities (%)

|                    |       |
|--------------------|-------|
| S&P 500            | -0.1  |
| Nikkei 225         | -8.1  |
| FTSE 100           | 3.6   |
| Shanghai Composite | -5.9  |
| RBA Cash Rate      | 4.35  |
| AUD / USD          | 70.2c |
| Iron Ore           | -2.2  |
| Oil                | 37.6  |
| Gold               | 0.9   |
| Copper             | 3.7   |



Portfolio Manager: Sam Berridge

**Invest Online Now**

The Trust finished the month with 24 stocks and 6.6% cash.

## Contact us



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Signatory of:



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