Shaw and Partners
GP Wealth

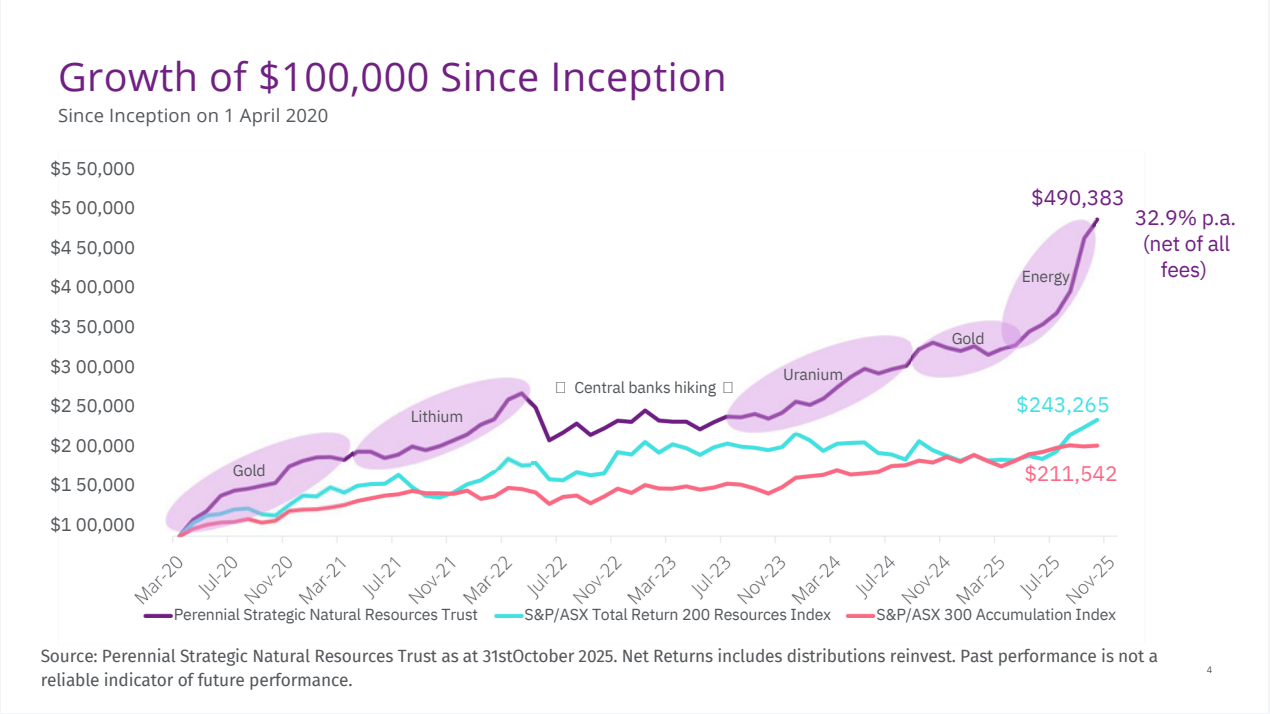
Perennial Strategic Natural Resources Trust



Overview of the Strategic Natural Resources Trust

The Strategic Natural Resources Fund is designed to provide investors with a lower volatility, long only exposure to commodities, while delivering consistent returns across the cycle. The fund is capacity constrained and deliberately structured to prioritise capital preservation alongside long term alpha generation. It is managed by an experienced team with complementary expertise across geology, corporate finance, and global resources markets.

Since inception, the fund has delivered strong cumulative returns, including resilience during challenging periods such as the 2022 interest rate tightening cycle. While resource markets are inherently cyclical, the strategy has consistently outperformed during downturns through disciplined risk management, dynamic positioning, and an ability to move decisively into cash when conviction is low.



Source: Perennial Strategic Natural Resources Trust as at 31stOctober 2025. Net Returns includes distributions reinvest. Past performance is not a reliable indicator of future performance.

Portfolio Construction and Risk Management

A defining feature of the strategy is its dynamic commodity allocation. The managers actively adjust exposure based on macroeconomic conditions, interest rate expectations, and supply demand fundamentals. This flexibility enables the portfolio to reduce downside risk during periods of uncertainty and redeploy capital when conditions improve.

The fund favours lower beta exposure through a combination of physical commodities, service sector equities, and selective producers with strong balance sheets. Physical commodities play a key role in reducing risk, as they are not subject to operational, governance, or balance sheet pressures. The long only structure is supported by an explicit willingness to hold significant amounts of cash when markets lack clear risk adjusted opportunities.

This disciplined approach has resulted in a notably low downside capture compared with the broader resources index, reinforcing the fund's objective of protecting capital during market stress.

Overview of the Strategic Natural Resources Trust

Macro Environment and Geopolitical Impacts

Recent geopolitical developments, particularly in the Middle East, have materially affected energy markets. Oil and gas supply disruptions have tightened inventories and increased price volatility, with limited short term solutions available. Even coordinated releases from strategic reserves face logistical and physical constraints, meaning price pressures are likely to persist for longer than markets initially expect.

Beyond oil, disruptions to gas supply and energy infrastructure are creating second order effects across metals and industrial production, particularly aluminium, steel, and fertilisers. These impacts reinforce the importance of energy availability as a critical input across the global economy.

Structural Demand Drivers

Looking beyond near term volatility, the fund is positioned around several long term structural themes. The rapid expansion of data centres driven by AI adoption is significantly increasing demand for energy and key industrial metals such as copper and aluminium. At the same time, defence spending is rising globally, further adding to metals demand.

On the supply side, new mine development continues to lag demand. Discovery rates have declined, permitting timeframes have extended, and capital costs have risen sharply. These challenges suggest that structural supply deficits are likely to persist, supporting commodity prices over the medium to long term.

The energy transition presents additional complexity. While renewable generation continues to grow, insufficient investment in dispatchable power has resulted in extreme price volatility, particularly in Australia. Gas and nuclear energy are increasingly being recognised as essential to maintaining reliable baseload power, creating new investment opportunities across energy infrastructure and services.

Long Term Outlook

The fund's strategy rests on the view that commodities remain essential inputs to global growth, digital infrastructure, energy security, and industrial development. While short term volatility is inevitable, disciplined portfolio management, flexible positioning, and a focus on structural demand trends underpin the fund's confidence in long term outcomes.

By remaining nimble, maintaining strict capacity limits, and prioritising conviction aligned positioning, the Strategic Natural Resources Fund aims to continue delivering attractive risk adjusted returns through both favourable and challenging market conditions.