

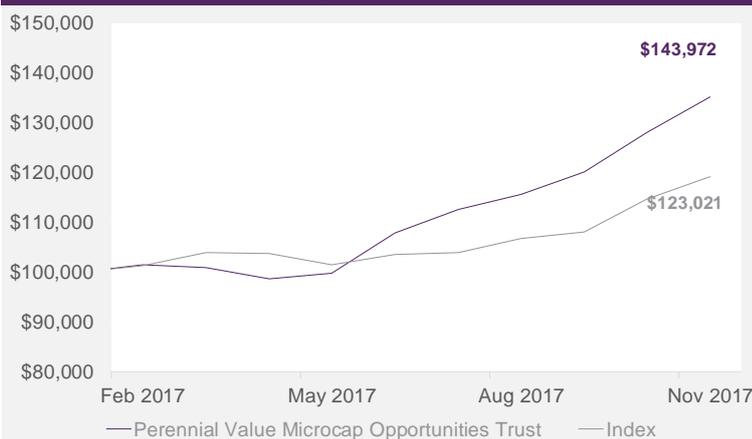
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Microcap Opportunities Trust (Net)	6.4	19.8	33.4	-	-	-	44.0
S&P/ASX Small Ordinaries Accum. Index	3.2	13.7	18.7	-	-	-	23.0
Value Added (Detracted)	3.2	6.1	14.7	-	-	-	21.0

^Since inception: February 2017. Past performance is not a reliable indicator of future performance.

Overview

- ▶ December was a strong month for the Trust up 6.4% (net of all fees) and 44.0% since inception in February 2017
- ▶ Pleasingly the strong growth came from a broad range of stocks and sectors.
- ▶ Valuations are beginning to look stretched in some areas of the market, however microcap investors have the advantage of a very large investment universe to choose from. Thus we are able to assemble a portfolio which still looks attractive from a valuation perspective (11.2x EV/EBIT in FY19, an 18.0% discount to the market) and growth point of view (3yr average EPS growth of 35.6% double the small cap market).

Growth of \$100,000 since inception



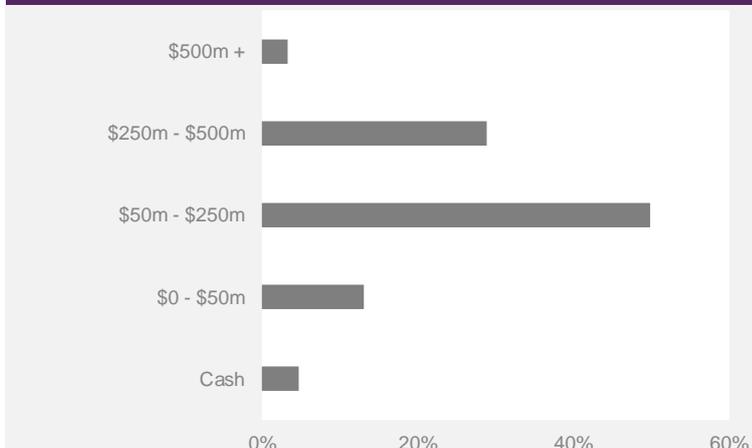
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Perennial Value Microcap Opportunities 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 companies that are either listed or unlisted companies found outside the S&P/ASX Top 100 Index, and to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index measured on a rolling three-year basis.

Portfolio managers	Andrew Smith, Sam Berridge, Damian Cottier
Trust FUM	\$15.6m
Distribution frequency:	Annual
Minimum initial investment	\$25,000
Trust Inception Date	February 2017
Fee	1.20% + Perf fee
APIR code	WPC3982AU

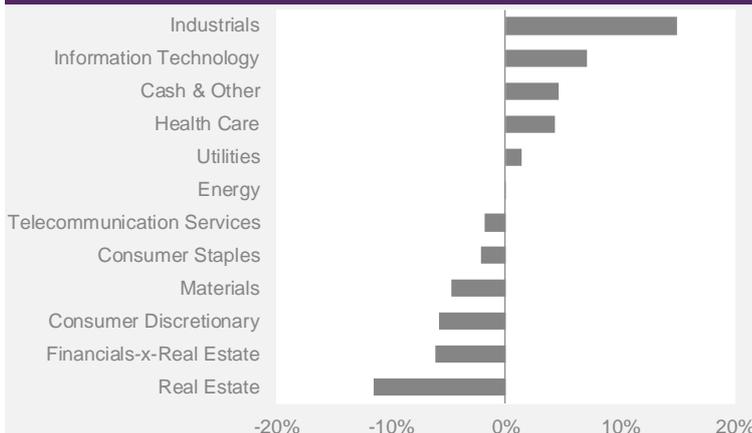
Market Capitalisation Exposure



Top 5 Positions

Top 5 Positions	Trust (%)	Index (%)
Imdex Limited	3.3	0.2
Austin Engineering	3.1	0.0
Integral Diagnostics	3.0	0.0
Alliance Aviation	2.9	0.0
Janison Education Group Limited	2.8	0.0

Sector Active Exposure vs Index



Trust Review

It was pleasing to see performance from both our growth orientated investments as well as some deep value names in December.

In the higher growth category:

- **Kogan** (up 57.0%) continued its upward trajectory and was crowned by finance journalists as the best performing stock in the ASX All Ordinaries in 2017. Newsflow during the month included the launch of pet insurance and a deal with Medibank to launch Kogan health.
- **Polynovo** (up 36.8%) continued to perform well with a presentation to investors in Hong Kong highlighting strong revenue growth so far in FY18.

In the deep value category:

- **Boom Logistics** (up 30.0%) continued to perform as the significance of the strong November update resonated with the investment community and the management team presented the story to brokers for the first time in several years
- **Mermaid Marine** (up 27.3%) also came back onto investor's radars after several years in the wilderness. We participated in the capital raise which improved their balance sheet to an investment grade level and allows them to capitalise on improving offshore oil and gas markets

Increased Chinese demand for gas triggered a strong rally in **Sino Gas and Energy** (up 29.2%) with the implications of higher Australian gas prices also lifting **Cooper Energy** (up 12.1%).

Strong commodities markets led to continued investor interest in the mining services sector including **Imdex** (up 12.3%) and **Alliance Aviation** (up 15.2%)

Trust Activity

We added **Janison Education Group** (up 43.0% from the acquisition price) to the portfolio via their backdoor listing onto the ASX. This is a high quality business which has been in operation for over 10 years and has built a credible client list in the education space. We see scope for further growth outside Australia building on their early success in Singapore.

A pull back in the share price of EML Payments allowed us to re-establish a position while a brief sell-off in PWH Holdings allowed us to increase our weighting in this name.

Another new position added was **Longtable Group** (up 56.7% from the placement price). We had been watching this business for over a year since first meeting the previous management team in Adelaide.

Despite some positive attributes at the time we considered the business was sub-scale. Considerable progress has since been made with Laura McBain (ex Bellamys) joining as MD in August and then the acquisition of Paris Creek – with the subsequent placement providing our entry point.

Paris Creek has built up a large supply base in organic milk which is relatively scarce as farms take several years to convert farming practices to meet organic requirements. With think the combination of this sourcing ability and Laura's experience in brand building could provide a material lift in earnings for Longtable Group in the coming years.

At month end the Trust held 60 stocks and cash of 4.7%.

As always, our focus will continue to be on investing in quality companies which are offering attractive valuations.

Market Review - Australia	%	Global, Currency & Commodities	%
S&P/ASX Small Ordinaries Index	+3.2	S&P500	+1.0
Energy	+8.3	Nikkei 225	+0.2
Materials	+7.0	FTSE100	+4.9
Industrials	+1.6	Shanghai Composite	-0.3
Consumer Discretionary	+1.7	RBA Cash Rate	1.50
Health Care	+3.6	AUD / USD	+3.0
Financials-x-Real Estate	+0.0	Iron Ore	+3.6
Real Estate	-0.8	Oil	+5.2
Information Technology	+5.4	Gold	+2.2
Telecommunication Services	-0.2	Copper	+7.7
Utilities	-3.3		

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Signatory of:



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