

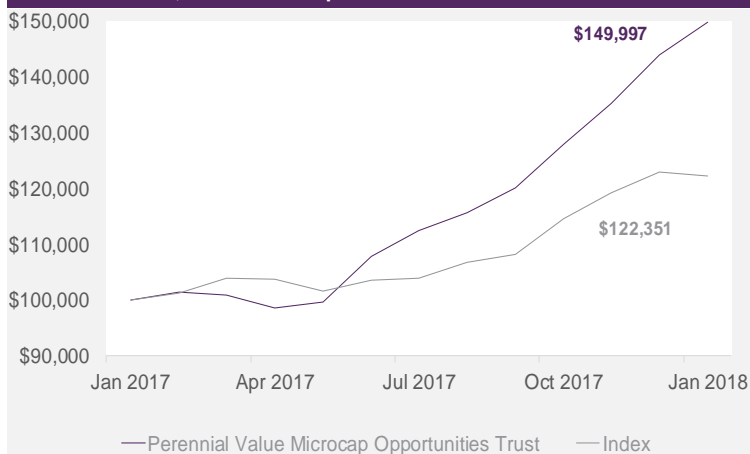
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Microcap Opportunities Trust (Net)	4.2	17.0	39.0	50.0	-	-	50.0
S&P/ASX Small Ordinaries Accum. Index	-0.5	6.6	18.1	22.4	-	-	22.4
<b>Value Added (Detracted)</b>	<b>4.7</b>	<b>10.4</b>	<b>20.9</b>	<b>27.6</b>	<b>-</b>	<b>-</b>	<b>27.6</b>

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

### Overview

- ▶ January was a strong month for the Trust up 4.2% (net of all fees) and 50.0% since inception in February 2017
- ▶ We used the strength to exit some positions which had performed well and where valuations became stretched
- ▶ Valuations are at elevated levels across the market however microcap investors have an advantage of choosing from a very large investment universe. This benefit enables us to construct a portfolio which looks attractive from both a valuation perspective (10.6x EV/EBIT in FY19 – 22.0% discount to market) and earnings growth profile (3yr average EPS growth of 31.4% - double the small cap market)

### Growth of \$100,000 since inception



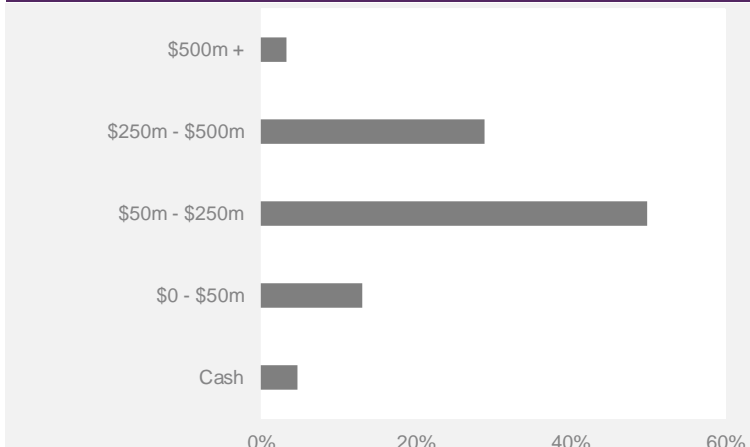
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

### 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	\$19.1m
Distribution frequency:	Annual
Minimum initial investment	\$25,000
Trust Inception Date	February 2017
Fee	1.20% + Perf fee
APIR code	WPC3982AU

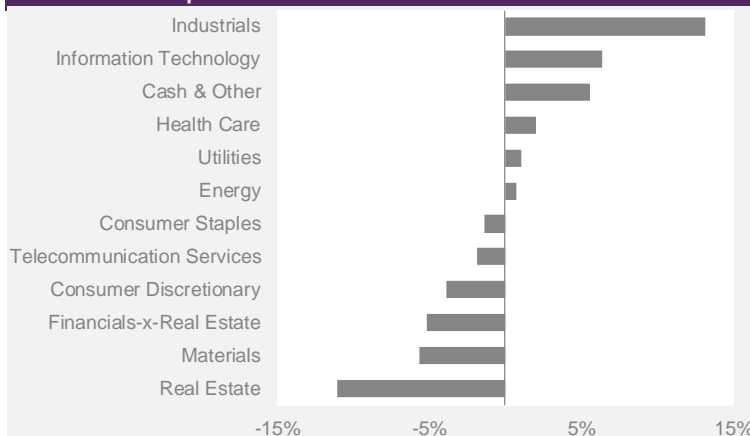
### Market Capitalisation Exposure



### Top 5 Positions

Top 5 Positions	Trust (%)	Index (%)
Austin Engineering	3.5	0.0
Alliance Aviation	3.1	0.0
Hrlholding	3.0	0.0
Imdex Limited	2.7	0.2
Comet Ridge Limited	2.6	0.0

### Sector Active Exposure vs Index



## Trust Review

The team were pleased to have delivered a 50.0% return (net of fees) in the inaugural year for the fund. What is more pleasing is to have achieved this without taking undue risk through excessive stock or sector concentration. Indeed when reviewing the contributors through the year no stock was responsible for more than 2.5% of the fund performance on its own - reflective of the diverse nature of the portfolio.

This approach continues with 65 stocks currently in the portfolio.

Turning to the one month performance there were several new positions which made a strong contribution to performance.

**Oliver's Real Food** (up 50.0%) after an encouraging quarterly result with positive like for like sales of 5.7% and gross margins of 75.6% - both of which are ahead of prospectus forecasts. Oliver's stores are becoming hard to miss on the east coast highways of Australia and many in our team stopped in for a healthy snack while driving the family around over the Christmas holidays.

**HRL Holdings** (+ 37.5%) continued to attract investor attention after extending their strategic alliance with MilkTestNZ via the recently acquired Analytica Laboratories in NZ. We look forward to HRL leveraging the experience of Analytica into the Australian agricultural sector.

The energy sector continued to benefit from strong oil and gas prices. Key stocks in our portfolio were **Australis Oil and Gas** (+ 59.6%) which provided a five-fold increase in reserves during the month and **Sino Gas & Energy** (+ 9.7%) after finalising a US\$100m debt facility and a positive 4Q production result.

Other strong performers for the month included **Rightcrowd** (+ 35.5%), **Axesstoday** (+ 18.0%). Stocks detracting were **TopBeta** (- 17.5%) and **Longtable** (- 14.9%).

## Trust Activity

We added **Gascoyne Resources** (+ 14.1%) to increase our exposure to the improving gold price and as this mine gets closer to the development.

**Nearmap** was added after releasing encouraging 1H2018 results, while we bought back into **Empired** after significant weakness in the share price.

The position in **Galena Mining** was exited after a stellar run. Several other positions such as **Elmo Software** were also sold to make room for more attractively priced opportunities.

This resulted in an improvement in the portfolio valuation metrics when compared to the market. We expect this valuation discipline and diversity in the portfolio will serve investors well given the volatility we expect in CY18.

At month end the Trust held 65 stocks and cash of 4.8%.

**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	-0.5	S&P500	+5.8
Energy	+7.8	Nikkei 225	+1.5
Materials	-2.6	FTSE100	-1.3
Industrials	-0.9	Shanghai Composite	+5.3
Consumer Discretionary	-2.1	RBA Cash Rate	1.50
Health Care	-3.0	AUD / USD	+3.5
Financials-x-Real Estate	+0.1	Iron Ore	+2.4
Real Estate	-4.5	Oil	+3.3
Information Technology	+3.7	Gold	+3.2
Telecommunication Services	-1.6	Copper	-3.2
Utilities	-8.5		

## Contact Us

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



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