

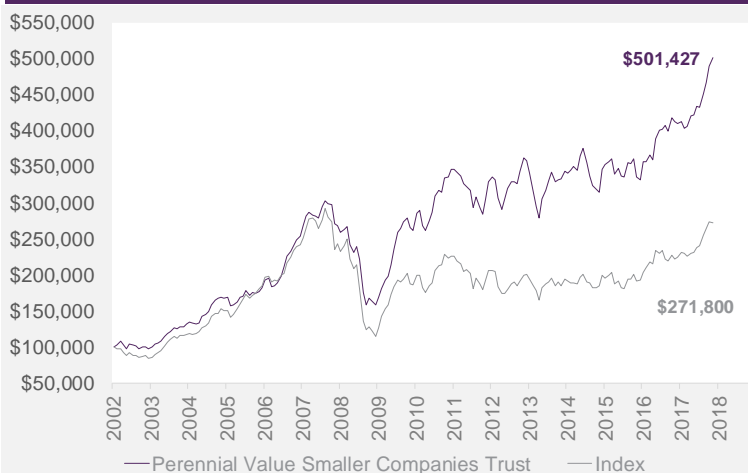
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Smaller Companies Trust (Net)	2.4	11.1	19.2	21.3	16.8	6.7	10.7
S&P/ASX Small Ordinaries Accum. Index	-0.5	6.6	18.1	22.4	13.8	6.4	6.5
Value Added (Detracted)	2.9	4.5	1.1	-1.1	3.0	0.3	4.2

^Since inception: March 2002. Past performance is not a reliable indicator of future performance.

Overview

- ▶ The Trust was up 2.4% (net of all fees) for the month of January 2018, ahead of the benchmark return for the S&P/ASX Small Ordinaries Accum. Index (The Index) of -0.5%
- ▶ Looking at longer term performance The Trust is up 16.8% p.a. (net of all fees) over the last three years compared to the Index return of 13.8% p.a.
- ▶ While the Small Ordinaries Index looks expensive relative to history, the Trust remains attractively priced when looking at our FY19 forecast with a price to earnings (P/E) ratio of 13.0 times (a 20.0% discount to the Index) and offering a 4.7% gross yield

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 Smaller Companies Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of listed Australian companies predominately 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, Julian Guido
Trust FUM	AUD \$122 million
Distribution frequency:	Half Yearly
Minimum initial investment	\$25,000
Trust Inception Date	March 2002
Fee	1.20% + Perf fee
APIR code	IOF0214AU

Top 10 Positions

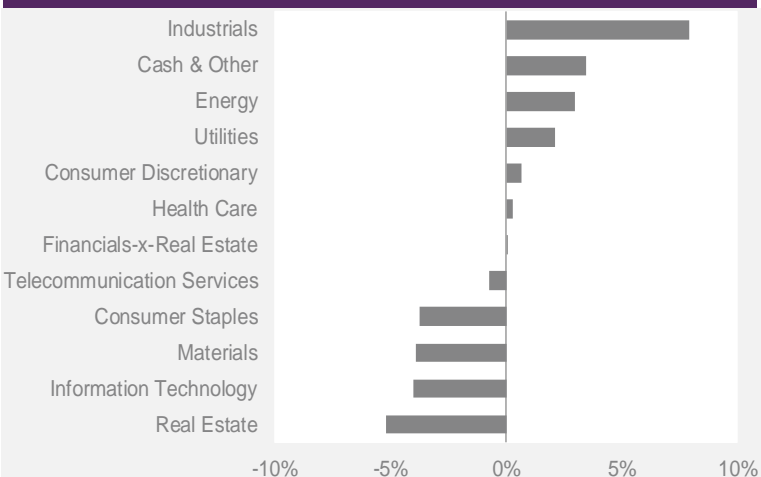
	Trust (%)	Index (%)
Gateway Lifestyle	4.9	0.4
Navigator Global Investments Limited	4.5	0.3
Integral Diagnostics	3.6	0.0
Imdex Limited	3.4	0.2
Cooper Energy Limited	3.4	0.3
Alliance Aviation	3.3	0.0
Seven Group Holdings	2.7	1.0
RPMGlobal Holdings Limited	2.7	0.0
Pwr Holdings Limited	2.7	0.0
Pacific Energy	2.7	0.0

Portfolio Characteristics on FY19

	Trust	Market
Price to Earnings (x)	13.0	16.3
Price to Free Cashflow (x)	9.8	15.9
Gross Yield (%)	4.7	4.3
Price to NTA (x)	2.0	2.2

Source: Perennial Value Management. As at 31 January 2018. The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Sector Active Exposure vs Index



Trust Review

The Trust was up 2.4% (net of all fees) for the month of January 2018, ahead of the benchmark return for the Index of -0.5%.

Looking at the key drivers of outperformance for the month, most of the return was from the resource and energy 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, Cooper Energy (up 12.3%) as they continued to de-risk the Sole Gas Project and **Sino Gas & Energy** (+9.7%) after finalising a US\$100m debt facility and a positive 4Q production result.

Doray Minerals (+14.3%) posted some impressive drill results and production (and cashflow) well ahead of expectations.

The second largest position in the portfolio, Navigator Global Investments (14.2%) performed well after announcing impressive FUM growth for the third consecutive quarter and providing 1H18 profit guidance.

Other Industrial positions to perform well included Emeco (+14.0%), The Reject Shop (+9.3%) and Seven Group (+7.0%). While Huon Agriculture (+6.1%) responded to recovering in global salmon prices.

Avoiding several large index stocks (such as Mineral Resources and Navitas) also helped our relative performance.

Trust Activity

Several large index stocks were sold-off during the month and we opportunistically built positions in Whitehaven, Galaxy Resources and Beach Energy on weakness.

At month end the Trust held 58 stocks and cash of 3.5%.

Outlook

The Trust remains attractively priced when looking at our FY19 forecast with a price to earnings (P/E) ratio of 13.0 times (a 20.0% discount to the Index) and offering a 4.7% gross yield.

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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