Private to Public Opportunities Fund

Quarterly Report June 2023

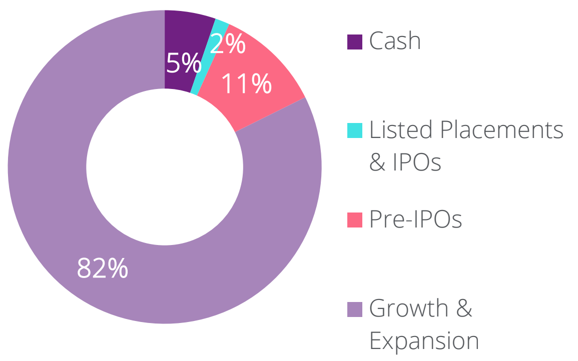
	NAV ($)	Quarter (%)	FY23 (%)	Since Inception[1] CAGR[2] (%)	Since Inception[1] Cumulative (%)
Perennial Private to Public Opportunities Fund No.1	1.870	-8.2	-10.9	+24.7	+134.5

Performance Update

The Private to Public Opportunities Fund (PPP1) returned -8.2% (net of fees) for the quarter ending June 2023, and over FY23 returned -10.9% (net of fees). Since inception in August 2019, PPP1 has delivered +134.5% (net of fees). This PPP1 performance includes the three distributions made to date which total 47.5c.

During the quarter, there were a number of offsetting impacts which resulted in an overall decline. Positive contributions were made by a number of revaluations across the portfolio, notably from x-ray imaging company Lumitron, which conducted a capital raise at a higher price to our carrying value. Uplifts to our holding values for proptech platform Equiem and HR marketplace Expert360 also positively contributed to performance. During the quarter, PPP1 completed a small follow-on investment in an HR software business.

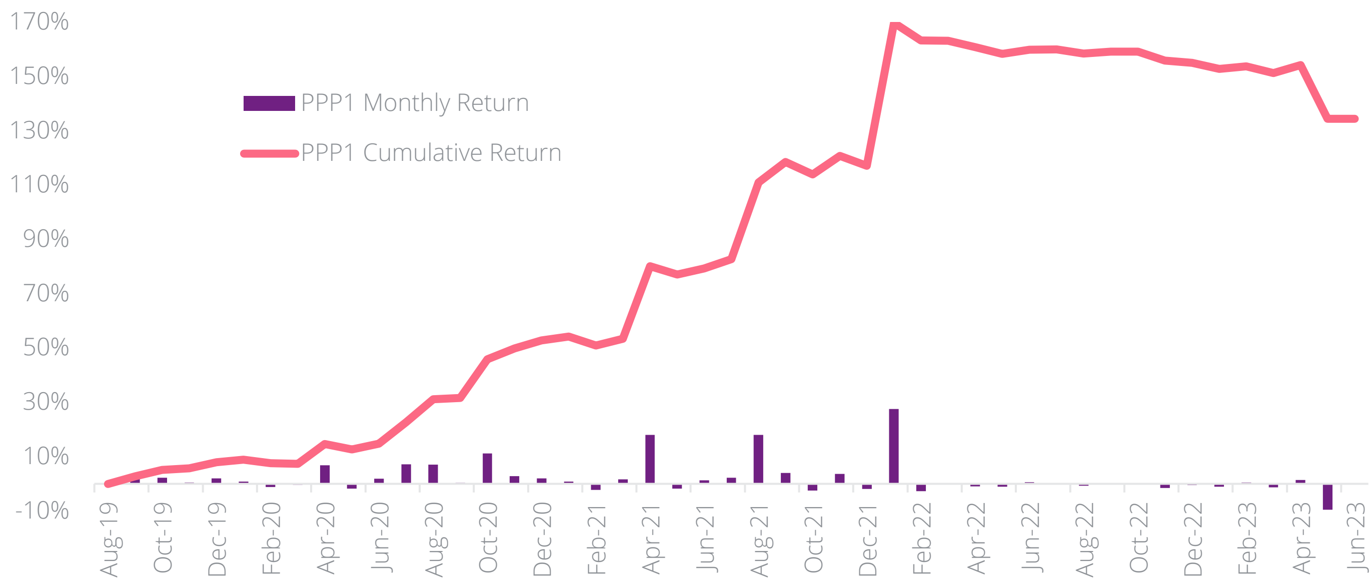
Current Fund Allocation



The key driver of negative performance during the quarter, as mentioned in our May 2023 commentary, was a reduction in the carrying value of online gaming business Animoca Brands after the company released updated financials. Animoca has a large revenue base and a strong cash position, and the outlook for the business remains positive.

With PPP1 now in the last 18 months of its 5-year life, we have started to fast-track alternate exit options for companies where an IPO now looks less likely. To this end, a number of M&A approaches have been made to PPP1 companies in recent months. In addition, there are some early signs of an improving IPO market in the period ahead, and we will continue to assess opportunities for exits via this route.

Return Since Inception[1] Net of Fees (%)



[1] Inception date for PPP1 is 19 August 2019. Performance shown is net of fees. It does not take into account any taxes payable by an investor. Past performance is not a reliable indicator of future performance.

[2] Return calculations include the 3 distributions paid in July 2020, 2021, 2022. CAGR is compound annual growth rate

Key Themes for FY23

During the last 12 months, there have been a number of key themes relevant to our PPP funds:

Macro Uncertainty Abating

The uncertain global macro environment over the last year has impacted both public and private markets. The combination of higher inflation, rising interest rates and lower economic growth has resulted in volatile listed equity markets in particular. The RBA has just paused its rate hikes in July with the cash rate now sitting at 4.10%, more than double where we began the financial year (up from 1.35%). However, with expectations that we are now near peak rates, we have seen more positive sentiment returning to listed equity markets (All Ordinaries closed up +2.5% YTD) plus increased M&A activity in recent months.

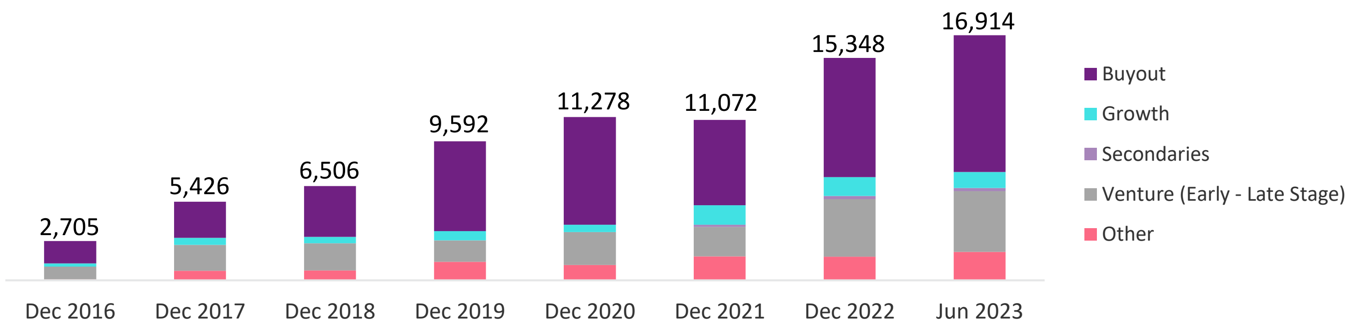
Green Shoots in IPO Market

After a very quiet 18 month period for non-resources IPOs, we are starting to see a building pipeline of IPOs targeting a listing in 2H CY23. In terms of sectors, industrials and healthcare are finding solid support, especially those with profitable outlooks. As the financial year closed, we saw chemicals business Redox complete its IPO which ultimately began trading in early July slightly below issue price on day 1. At this point in time, the IPO pipeline continues to build with Virgin, MolyCop, Greencross and Mondiale VGL on the horizon. There are also a number of private companies within the PPP portfolios which may look to IPO over the next 12 months as well.

M&A Activity Continues As Exit Option

Over the last year, we have seen a marked increase in takeover interest across our private portfolios. This interest is from both large corporates (for example the recent Wesfarmers takeover of InstantScripts) and from private equity funds with significant dry powder (see chart below). In many cases, large listed companies are deciding to 'buy rather than build' and PE funds are finding it harder to deploy into their traditional segments. We have also seen significant interest in public listed technology companies with many being taken over recently, including: Nitro (ASX: NTO), Proptech Group (ASX: PTG) and ELMO software (ASX: ELO). The macro environment has resulted in slower deal cadence recently, however with market sentiment starting to improve, we may begin to see dealmaking accelerate. We also view that with fewer growth plays on the ASX, high quality growth companies that are profitable (or have a clear path to profitability) will be much in demand by listed equity investors.

Dry Powder by Strategy (A$m)



Source: S&P Capital IQ

Private Market Reset

Over the last 12-18 months, the private market has undergone a material change. This has been reflected in private valuations, which have reduced from the peaks seen in 2021. The reduction has been as much as 50% or even more in some cases. In addition, deal terms have become much more 'investor friendly' which has enabled greater downside protection and better entry valuations. In addition, many of the temporary participants in the private growth segment have retreated, putting Perennial in a great position to invest in quality companies on favourable terms.

Operational Updates

Animoca Brands

Animoca released an updated list of their balance sheet assets and digital investments during April 2023. In light of this new information, we adjusted the carrying value of our position as outlined in the May 2023 email update. Since our first investment in 2020, Animoca has been a very successful investment for PPP1, and we believe the outlook for the business remains positive.

Equiem

Commercial tenant experience platform Equiem completed a strategic acquisition during the quarter, triggering the conversion of notes held within the Fund into preference shares. This represented a modest valuation uplift for our existing position. The acquisition will expand Equiem's footprint in over 25 countries, growing the global reach for their 'Equiem One' proptech platform.

Lumitron

During the quarter, Medtech business Lumitron completed a private raising at a significantly higher valuation to our current holding, resulting in a material uplift for the Fund. The company will use the new capital to expand commercial activities globally, as well as preparing the company for a possible NASDAQ listing within the next 18 months.

Spriggy

Spriggy, Australia's leading pocket money app, closed a $10m capital raise in June 2023, putting the company in a strong financial position. The business also saw record revenues and impressive growth for 1Q23, with revenues up 40% QoQ. Spriggy was a keynote speaker at the recent AIC VC Industry Forum in Sydney. It was one of the early investments made by the Fund, and we are very pleased to have supported Spriggy throughout its growth journey to date.

Thank you again for your continued interest in PPP1.

Yours sincerely,
The Perennial Private Investments Team

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