

	NAV (\$)	Quarter (%)	FY23 (%)	CAGR ² (%)	Since Inception ¹ Cumulative (%)
Perennial Private to Public Opportunities Fund No.3	1.003	+2.5	-0.4	+0.2	+0.3

Performance Update

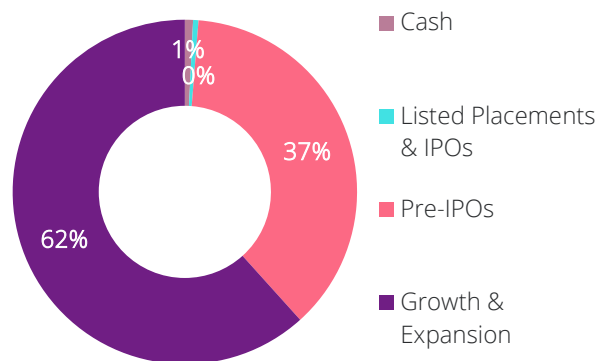
The Private to Public Opportunities Fund No.3 (PPP3) delivered +2.5% (net of fees) for the quarter ending June 2023, and over FY23 returned -0.4% (net of fees). Since inception in August 2021, PPP3 has returned +0.3% (net of fees) and is fully deployed.

There were a number of transactions during the quarter which resulted in an overall slightly positive performance for PPP3. This included uplifts to our holdings in real estate platform Equiem as well as vertically integrated e-commerce group Limitless.

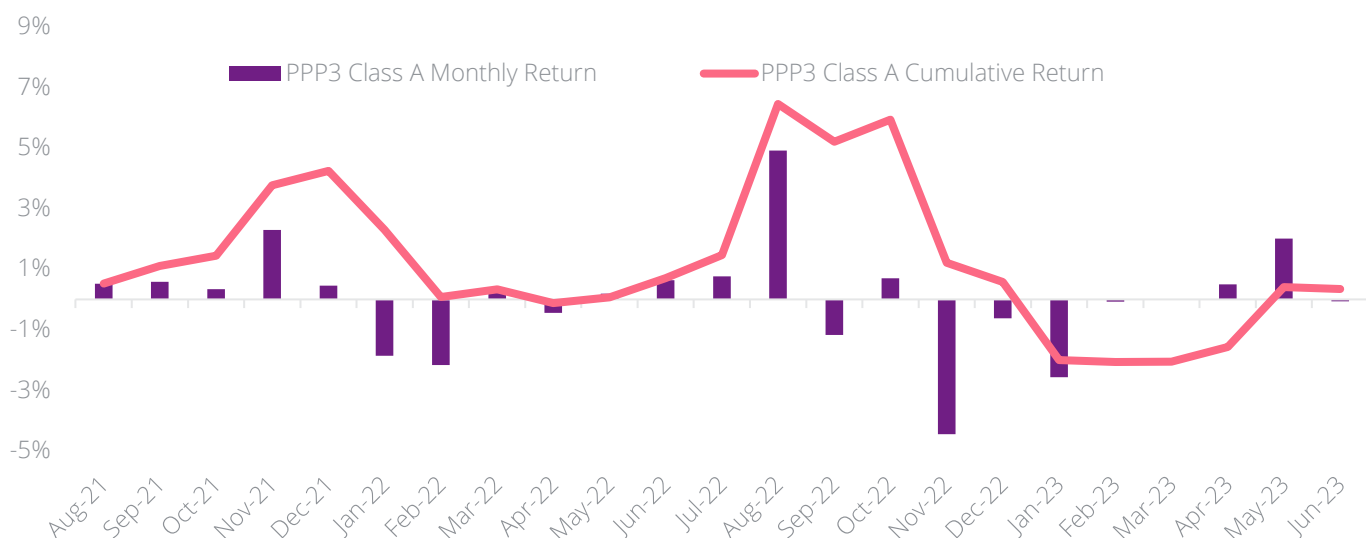
During the quarter, PPP3 completed a small follow-on investments in an HR tech business. We also reduced our listed exposure in the Fund over this period. We continue to spend time with all our private companies to ensure they remain on strong financial footing in the current uncertain macro environment.

In general, the private investments held in PPP3 continue to perform well as they represent structural growth businesses across multiple industry sectors. However, as a result of the current macro volatility, we expect the private positions in PPP3 to take longer to reach an ASX listing. On the other hand, M&A activity within the Fund's private company portfolio has seen a marked increase in recent months, and we expect this to be a key driver of returns during FY24.

Current Fund Allocation



Return Since Inception¹ Net of Fees (%)



¹ Inception date for PPP3 is 18 August 2021. 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 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.

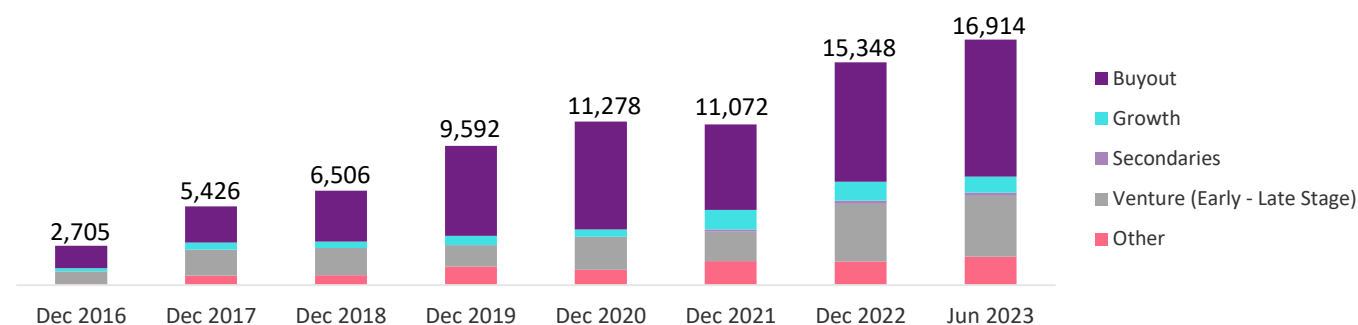
Green Shoots in IPO Market

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

Crimson Education

Leading education consultancy Crimson Education released an impressive Q3 update, reporting c.50% revenue growth over the quarter. Crimson assists aspiring students globally to gain admission to the world's top Ivy League universities, it also continues to expand into the online tutoring space. Our holding in Crimson is one of the larger positions within the Fund so it is pleasing to see its strong performance continue.

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.

Limitless

Perennial led a simultaneous capital raise in the month of June for vertically integrated e-commerce company Limitless which triggered the conversion of Perennial's existing convertible notes in PPP3. Limitless' acquisition strategy has enabled the business to continue to grow despite challenging macro conditions. The business has also experienced a record-breaking Mother's Day period in May. Positively, baseline demand has rebounded from the troughs of the COVID-19 aftermath and economic uncertainties.

Monese

One of the larger holdings in the portfolio, European fintech Monese, announced the launch of XYB, an end-to-end 'coreless' banking platform provider. XYB will aim to address identified performance and cost inefficiencies in traditional core banking systems. The market potential for the space is estimated to be up to £700 billion.

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 PPP3.

Yours sincerely
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