Perennial Partners

Private to Public Opportunities Fund No.3

Quarterly Report December 2024

	NAV ($)	Month (%)	Quarter (%)	Since Inception[1] CAGR[2] (%)	Since Inception[1] Cumulative (%)
Perennial Private to Public Opportunities Fund No.3	1.078	-0.3	+3.2	+2.2	+7.8

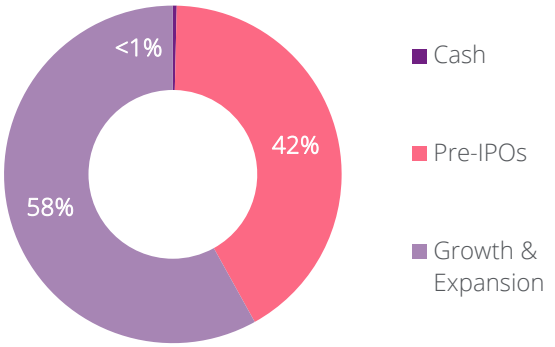
Performance Update

The Private to Public Opportunities Fund No.3 (PPP3) delivered +3.2% (net of fees) for the quarter ending December 2024. Since inception in August 2021, PPP3 has returned +7.8% (net of fees) and is fully deployed.

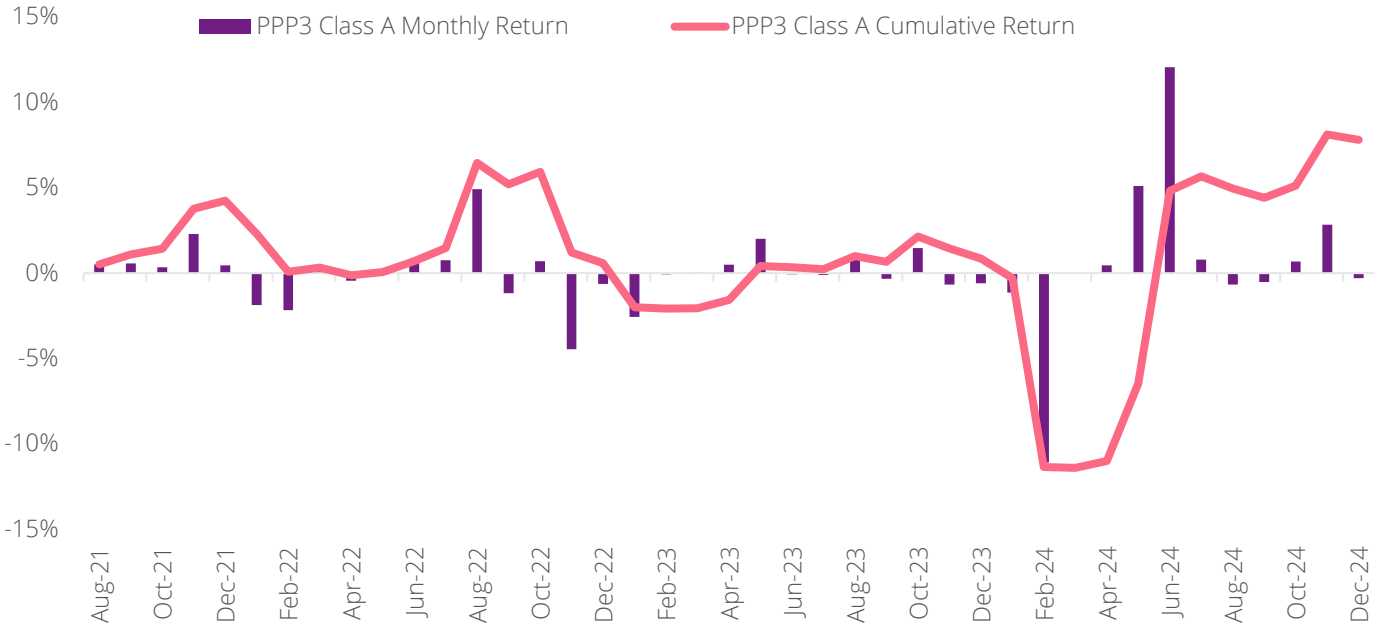
There were a number of offsetting impacts which resulted in the overall positive performance during the quarter. The key driver was an increase in the holding value for ecommerce business Koala following a strong operational update, with 1Q revenues up +50% year-on-year, assisted by encouraging growth from its recent launch into the USA. Another of our private investments successfully raised capital during the period at a valuation above our current holding price, resulting in an uplift in the portfolio value.

As outlined in the November commentary, a decrease in the holding value for HR tech business WithYouWithMe negatively impacted performance, with the company agreeing terms for a merger transaction. Performance was also negatively impacted by a decrease in the holding value of proptech tenancy software business Equiem as the company negotiated terms for a strategic transaction implying a lower valuation. *(continued on page 2)*

Current Fund Allocation



Return Since Inception[1] 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.

Performance Update (continued)

Activity levels in both private and public markets saw a welcomed increase in CY24, and we explore this further in the section overleaf. In terms of our private funds, we completed a total of 8 full or partial exits during the year in a promising sign that deal activity is increasing. We are also in advanced discussions with other portfolio companies exploring liquidity opportunities, and we hope to see some of these materialise this calendar year.

PPP3 Fund Activity - CY24

Transaction and Revaluations		Investments	Exits
Positive Movements	Negative Movements		
koala	monese	The Whiskey Project Group	Canopy Tools
InDebted	WithYouWithMe	XYB	Xpansiv
Crimson	UPFLEX	Limitless Technology	E-commerce Brand
XYB	EQUIEM		Wellness Platform
swyftx	willow		Services Business
Limitless Technology	Verrency		
Private Business	Sonder		

2024 – Year in Review

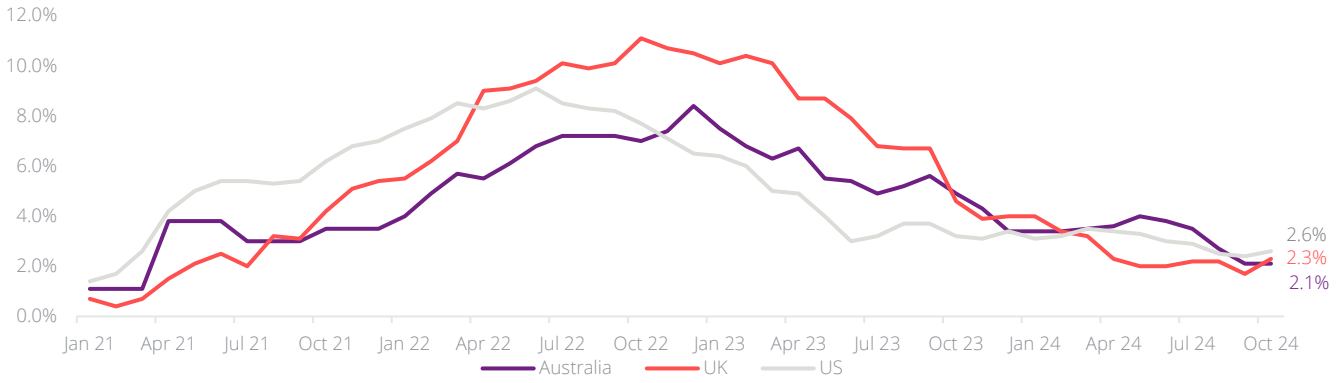
2024 was a tale of two halves – it started with a continuation of the volatility and uncertainty from 2023, but the macro and market environment stabilised in the second half of the year. With many OECD countries seeing inflationary pressures ease, central banks began cutting interest rates offshore, leading to a strong rally in equity markets. While IPO activity remains below historic averages, it has shown solid signs of improvement, with the US market in particular more supportive of new listings. On the M&A front, there has also been a noticeable step-up in takeover activity in both private and public markets globally, with a number of our own portfolio companies completing or progressing transactions. If the macroeconomic environment and equity markets continue to improve over 2025, we expect to see activity in both the domestic IPO market and the broader private market to increase. These themes are discussed in further detail in the sections below.

In terms of the private investment pipeline, Perennial continued to see a strong level of proprietary deal flow last year, with founders preferring to source private capital given recent equity market and macro volatility. Overall, 2024 was a busy period across our private funds, which included 8 full or partial exits, 10 follow-on investments and 2 new investments. Valuations and deal terms remain attractive in private markets, with demand for private capital still exceeding supply. The improving macro sentiment described below will also provide a more supportive environment for exits going forward. To this extent, we continue to spend time with our private investments to ensure they remain in the best position to take advantage of such opportunities as they arise.

Global Economic Trends

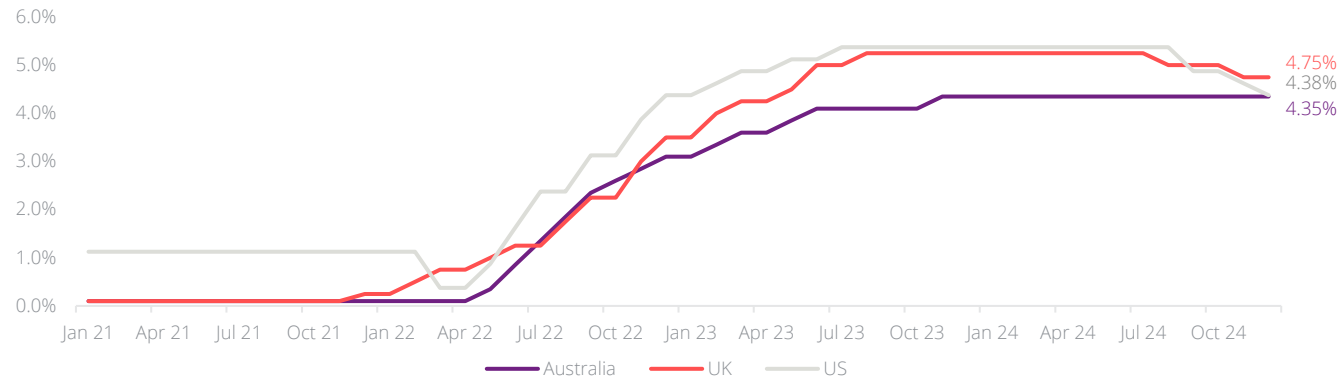
Macroeconomic trends remained a key driver in private & public markets in 2024. A sense of cautious optimism has taken hold as macro conditions steadily improved throughout the year, bolstering investor sentiment. Offshore central banks are more confident they have reduced the inflation risk although ongoing vigilance is required. We have already seen the US Federal Reserve deliver three consecutive interest rate cuts in the second half of 2024, with the UK and EU also kicking off their rate-cutting cycle last year. Rate cuts in Australia have been delayed due to sticky inflation, high public spending, a weak $A, and an economy operating near full capacity.

Consumer Price Index (year-on-year % change) – Australia, UK, USA



Source: RBA, Office for National Statistics and U.S. Bureau of Labour Statistics. Note: Australia CPI is on a quarterly basis until monthly data was available from Jan-22

Central Bank Policy Rate (%) – Australia, UK, USA

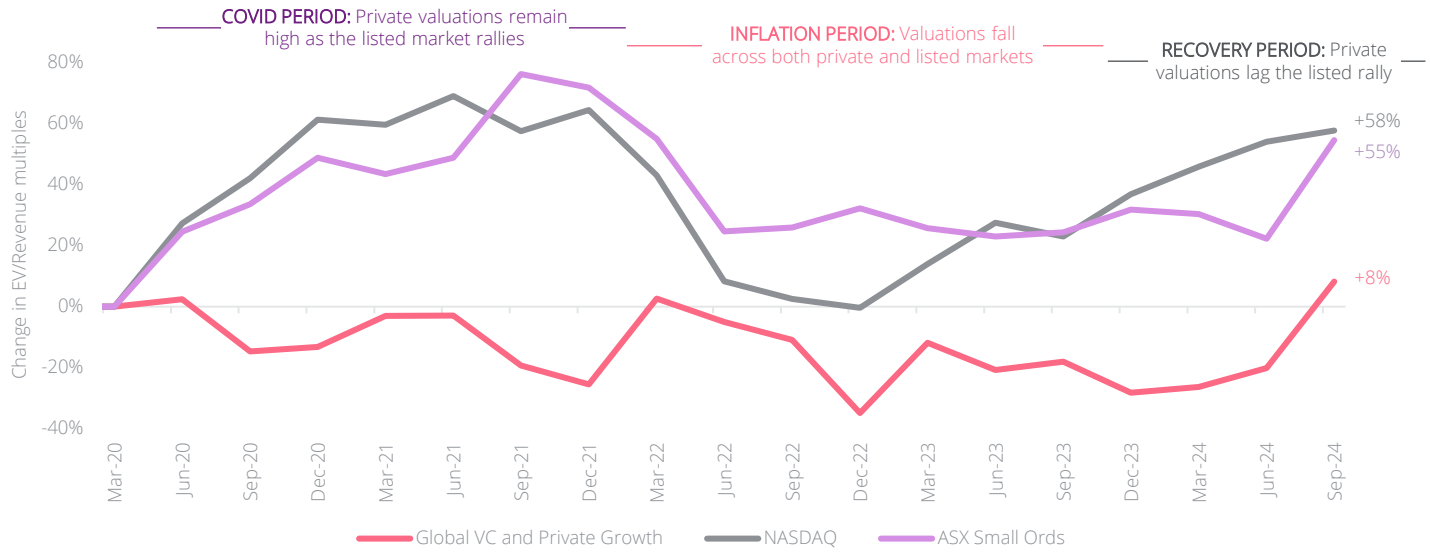


Source: RBA, Bank of England and Forbes. Note: The US rate is calculated as the mid-point of the Fed Funds Rate range at that point in time

Private vs Public Valuations

Public equity markets performed well in 2024 on the back of lower global interest rates and reduced macro & geopolitical uncertainty. The S&P500 in the USA and the ASX200 domestically both reached record highs during the year. Over the last 5 years, global private company valuations have largely traded near-flat, as compared to public equity valuations which have traded strongly upwards after recovering from the COVID-lows in 2022. Whilst private company valuations tend to lag their listed peers, there are already early signs that the gap here is closing, as per the chart below.

Global private market revenue multiples vs listed markets

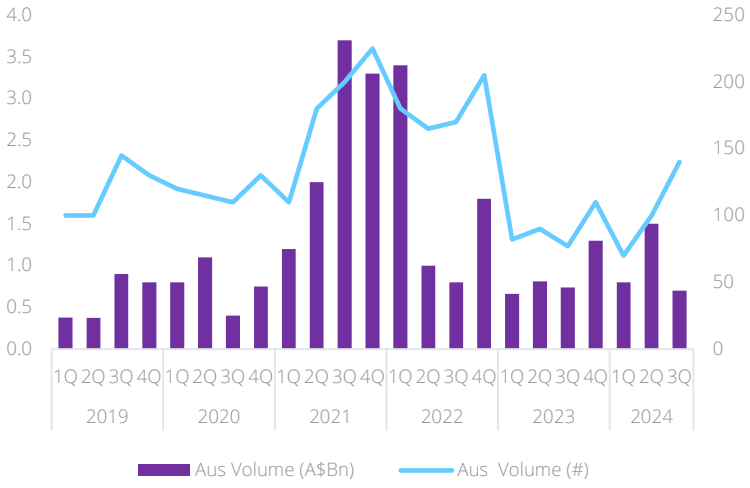


Source: Bloomberg, Pitchbook. Data shows the % change in EV/Revenue multiple from quarter to quarter on an index basis since 1Q CY20. Data as at September 2024

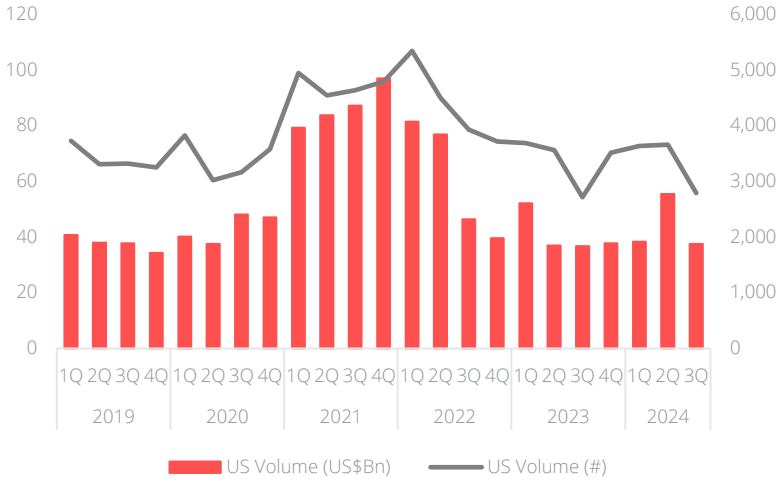
Private Deal Flow

Global private market transactions in 2024 followed a similar trend to the previous year, with deal volume and value broadly comparable to 2023 (see charts below). This reflected a continuation of recent private market headwinds which have included slow M&A exits, a recovering IPO market and general investor cautiousness. Late-stage and venture-growth companies, which are typically prime candidates for public listings have typically delayed their IPOs whilst they wait for a more supportive macroeconomic environment, thereby opting to 'stay private for longer'. As inflationary pressures continue to moderate and central banks respond with rate cuts, we expect to see a recovery in transaction volumes as a more conducive dealmaking environment emerges.

Australian Quarterly Deal Volume & Value



USA Quarterly Deal Volume & Value



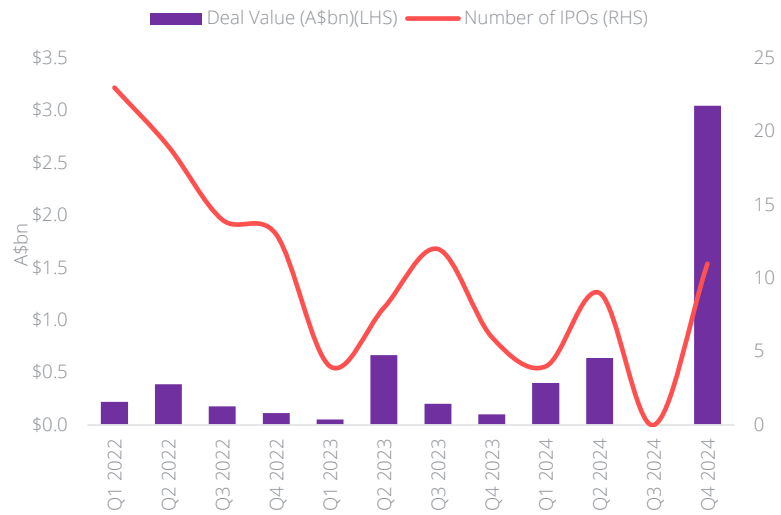
Source: Cut Through Ventures and Pitch Book. Note: Data for both charts as at September 2024.

IPO and M&A Activity

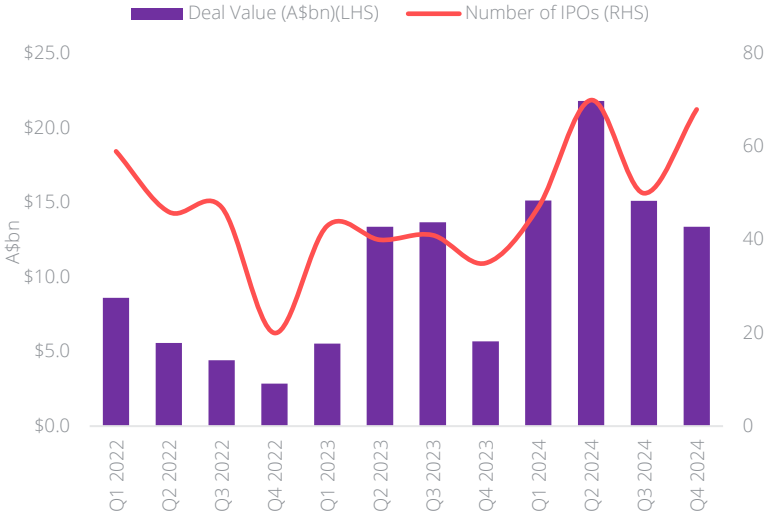
There were encouraging signs of increasing IPO activity globally in 2024. In the USA, total IPO proceeds raised exceeded both 2022 and 2023 levels, with sizeable listings from Lineage (US$5.1b raised), Viking (US$1.8b raised) and StandardAero (US$1.7b raised). We had to wait until June 2024 for the domestic IPO market to show signs of life, with fast food chain Guzman Y Gomez raising A$335m and recording one of the largest first day gains in years in a sign that investor sentiment was turning. In December we saw the debut of Digico Infrastructure REIT, raising A$2bn in what was the largest ASX IPO in 6 years. Overall, 2024 saw an increase in the total proceeds raised, albeit through a smaller number of new listings on the ASX. With market sentiment improving, we hope to see a steady uptick in IPO activity throughout 2025 including a number of companies from our private portfolios.

M&A activity was a positive in 2024, with several of our own portfolio companies successfully completing takeover or merger transactions. We remain in discussion with additional names across our funds who are close to executing transactions, and we believe this could be a key driver of performance in 2025.

ASX IPOs by Volume & Value (A$b)



USA IPOs by Volume & Value (A$b)



Source: 1,2: Reuters. Charts: Factset, LSEG

Outlook for 2025

There are solid reasons to be optimistic for the year ahead, with the emergence of a more supportive macroeconomic environment likely to be positive for both private and public markets. Increased private market deal flow will be assisted by a less restrictive rate environment, helping to reverse the trend of slow deal cadence we have observed over the last few years. Private companies have had to focus on 'profitability over growth' given the recent lull in capital availability, creating a backlog of more efficient and higher-quality businesses that will look for exit opportunities in 2025.

The domestic IPO market should see an uptick in activity this year, with companies more confident to list in improved market conditions. The completion of several IPOs in 2024 and the recent outperformance of equity markets should help instil confidence, and with investors starved of new issuance in the last few years, there is a strong appetite for quality companies to join the ASX.

We expect the pipeline of private investment opportunities will continue to grow in 2025. Private valuations and deal terms remain investor friendly, even as listed valuations trend upwards and public markets rally. We see this as a key investment opportunity, given the favourable combination of an attractive private market coupled with a rebound in the IPO market and increased M&A exit activity.

PPP3 Top 10 Holdings – Company Updates

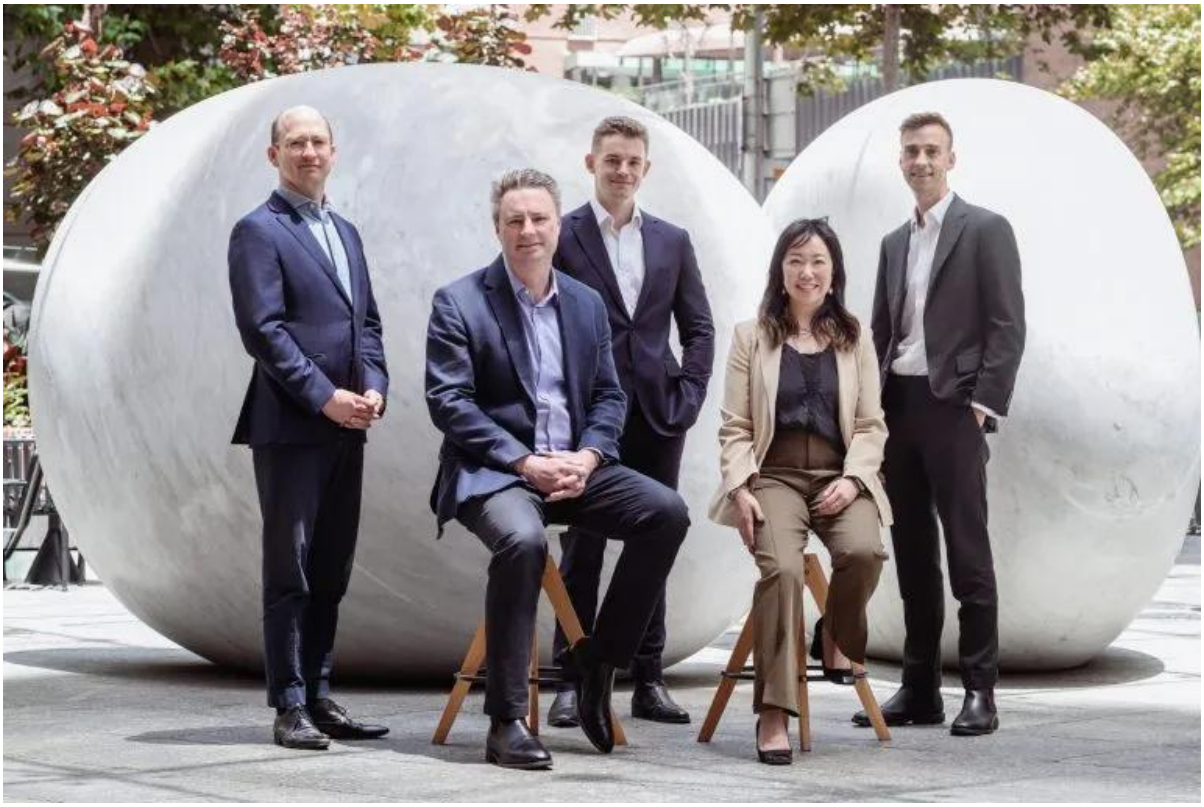
Private Company (Alphabetically)	Sector	Company Overview	Company Updates (December-24 Quarter)
CRIMSON	Ed Tech	Founded in 2013, Crimson is the world's most successful US/UK university admission consulting academy. Crimson provides students with online coaching, academic tutoring, university selection, personal statement & essay support, extracurricular mentorship, and interview training. The acceptance rate of Crimson students to top-tier universities is more than 4x the average acceptance rate.	➢ Crimson continues to achieve topline growth, particularly in the US, while maintaining a strong balance sheet. ➢ Recently featured in Wall Street Journal (see here) and Fortune (see here) articles. ➢ Announced their Series D round and reached unicorn status (see here).
Demyst	Data B2B SaaS	Demyst delivers external data solutions through an enterprise SaaS platform for large institutions. Demyst is focused on both data discovery and data deployment.	➢ The company continues to invest in its scalable productised solution (v2) and proactively manages its cash balance. ➢ Marketing for new product, Zonic, has commenced.
emesent	Deeptech	Emesent is a world leader in the autonomous collection of accurate and detailed 3D survey, inspection, and monitoring data in underground mines. Its flagship product, Hovermap, is a versatile autonomy and 3D Light Detection and Ranging (LiDAR) mapping solution.	➢ Emesent achieved both sales and revenue bookings budget for the calendar year. ➢ Received a Cooperative Research Centres Projects (CRC-P) grant. ➢ Key product launches for the quarter include reprojection, GEOID and Trimble GNSS support.
encompass the full picture, fast	Reg Tech	Encompass automates corporate KYC due diligence for corporate customers, and in particular multinational financial institutions. The platform can complete the KYC process in ~8 minutes while maintaining a full audit trail compared to traditional solutions which can take hours to days.	➢ Encompass continues to focus on growing its banking customer base globally and expanding within existing customers. ➢ New product launch expected in Q1 CY25. ➢ The business is undertaking a cost-out program which will improve its financial metrics going forward. ➢ Encompass' capital raising process continues to progress.
InDebted	Digitisation of Professional Services	Indebted provides an automated, data-driven and customer-centric digital debt collections platform. The platform uses machine learning and behavioural data to personalise the collections process for each individual consumer.	➢ Indebted announced the acquisition of Receeve, a leading collections decisioning software provider. See here. ➢ Indebted recently announced a new Chief Product Officer, Kristyn Leffler, who joined Indebted from one of the US' largest debt buyers. ➢ Achieved #42 on the Deloitte Tech Fast 50 for 2024.

PPP3 Top 10 Holdings – Company Updates (continued)

Private Company (Alphabetically)	Sector	Company Overview	Company Updates (December-24 Quarter)
koala	E-commerce	Koala is a vertically integrated furniture e-commerce company which has transformed the furniture experience for consumers. Koala has become a key player in the furniture and mattress market in Australia, has expanded into Japan, and has recently entered the USA market.	➢ Koala is experiencing strong revenue growth across Australia, Japan and the US. ➢ The business is profitable and is demonstrating operating leverage as it undertakes initiatives to drive efficiencies.
LIMITLESS TECHNOLOGY	E-commerce	Limitless is a vertically integrated e-commerce business with a strong track record in launching, scaling and acquiring gifting brands across Asia Pacific. Limitless operates the LVLY, FlowerChimp, Bloomeroo, Cakerush and Happy Bunch brands.	➢ Completed a capital raising during the quarter. Niklas Frassa, co-founder and COO, is moving to Australia and promoted to CEO. Maximilian Lotz (current CEO) will remain on the board and advise on marketing and growth. ➢ LVLY had its most successful partnership to date with Care Bears in October and celebrated its 10th year anniversary in December 2024. ➢ The Australian market continues to track while SE Asia market lagged with macro headwinds. The company has executed group wide restructuring to deliver positive EBITDA for the quarter to date.
shippit	SaaS/ Marketplace	Shippit's multi-carrier allocation technology brings together retailers, carriers, and customers to power ecommerce in the retail industry. Through Shippit, retailers can automate and optimise their fulfillment and shipping – saving time, increasing customer service and reducing costs.	➢ Shippit has outperformed the eCommerce market despite lower overall consumer confidence. ➢ Continued focus on disciplined cost management. ➢ Shippit continues to invest in its Enterprise strategy, targeting higher value customers. ➢ Strengthening ecosystem integrations with shopping cart, warehouse management and order management solutions is strengthening the offering.
Spriggy	Fintech	Spriggy is Australia's largest and most trusted family financial education and money management application. The business has exceptional brand recognition from parents, children and schools.	➢ Spriggy recently launched Spriggy Mobile which allows parents to manage their kids' financial and mobile usage/safety in the Spriggy app. ➢ Spriggy now has over 1.2 million members using its flagship product and has facilitated $850m of pocket money earned on the app.
XYB	Fintech	XYB is an end-to-end core banking platform and embedded finance solution for banks, fintechs, financial institutions and other non-bank customers.	➢ XYB announced a partnership with IBM during the quarter, where XYB will provide a componentised core banking platform on IBM Cloud for Financial Services. See here.

Thank you for your continued interest in PPP3.

Yours sincerely
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