



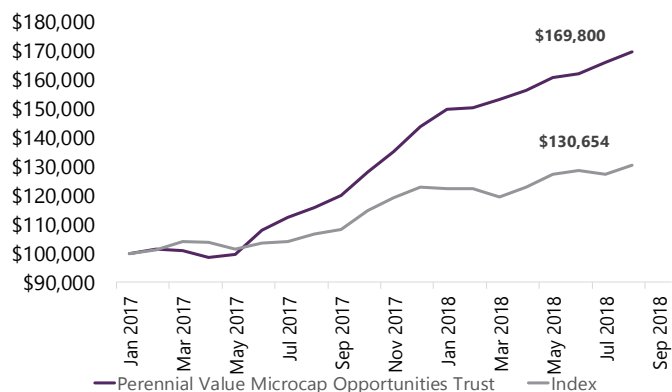
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	2.2	5.5	4.7	46.7	39.8	69.8
S&P/ASX Small Ordinaries Accum. Index	2.5	2.5	1.5	22.3	18.4	30.7
<b>Value Added (Detracted)</b>	<b>-0.3</b>	<b>3.0</b>	<b>3.2</b>	<b>24.4</b>	<b>21.4</b>	<b>39.1</b>

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

### Overview

- The Trust was up 2.2% (net of all fees) in August to deliver an annual performance of 46.7% (net of all fees). Cumulative net return since inception now sits at 69.8%.
- All the action at the Index level was in the tech space with Altium, Wisetech Global and Afterpay Touch Group alone contributing nearly half of the total return for the Index.
- By contrast it was refreshing to see value stocks from the 'old school' sectors of construction (Acrow Formwork) and beer (Gage Roads Brewing) drive the Trust's performance during the month.
- Valuations remain stretched in most sectors of the market, however given the scale of the investable universe in microcaps we have still been able to assemble a portfolio with attractive valuation characteristics – namely a PE of 11.1x in FY20 (28.0% discount to market) with 42.6% p.a. 3yr EPS growth.

### 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

#### Trust FUM

AUD \$74 million

#### Distribution Frequency

Annual

#### Minimum Initial Investment

\$25,000

#### Trust Inception Date

February 2017

#### Fees

1.20% + Perf fee

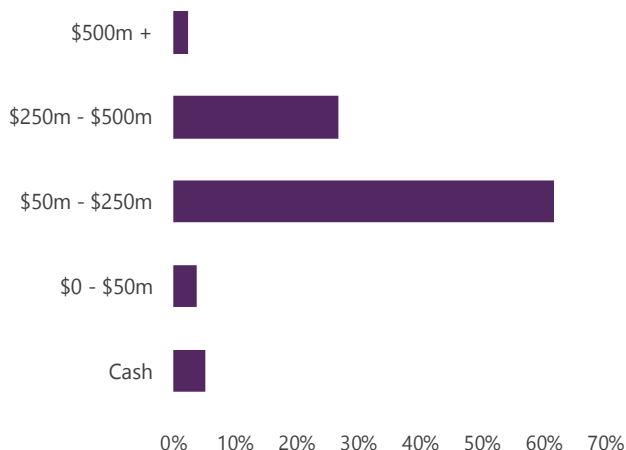
#### APIR Code

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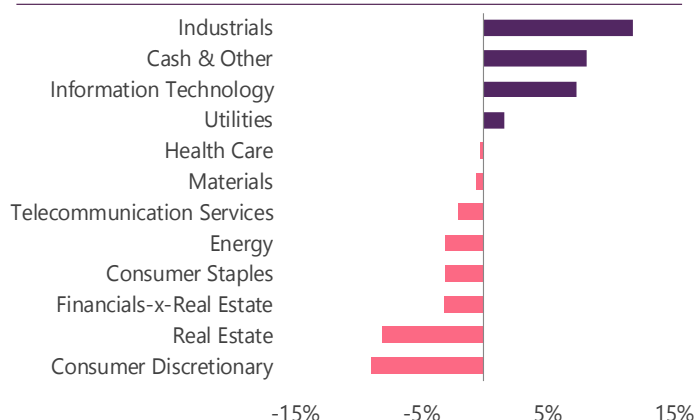
#### Top 5 Positions

	Trust (%)	Index (%)
Acrow Formwork and Construction Services Ltd	4.7	0.0
Imdex Ltd	4.4	0.2
Clover Corporation	2.8	0.0
Doray Minerals Ltd	2.8	0.0
Pwr Holdings Ltd	2.7	0.0

### Market Capitalisation Exposure



### Sector Active Exposure vs Index



## Trust Review

The Trust delivered a 2.2% net return with many of our stocks responding positively to August results.

The highlight was **Acrow Formwork and Construction** (up 52.0%) lifting EBITDA 21.1% as they benefited from the East Coast infrastructure 'boom'. They also announced the acquisition of Natform with the founder joining the Acrow board post completion.

The East Coast infrastructure boom is an obvious investment theme given the pipeline of approved projects shown in the chart. We continue to search the microcap universe for stocks with an exposure to this thematic which is yet to be appreciated by the market.

Pleasingly we now have several such investments with positions in **SRG Limited** (who is merging with GCS constructions) as well as Veris which delivered 27.0% revenue growth in FY18 from their surveying business – driven by infrastructure project work. **Veris Limited** was down 10.4% for the month reflecting cashflow concerns. While such concerns are valid it is also the logical outcome of the strong revenue growth. Now Veris has all the surveying businesses fully integrated we expect a substantial working capital reduction in FY19.

Other positive contributors were:

- **Gage Roads Brewing** (+22.7%) after reporting 28.0% EBITDA growth and a new contract with Nib Stadium
- **People Infrastructure** (+26.3%) which delivered a result 12.7% ahead of the IPO forecast
- **Pwr Holdings** (+14.1%) with 27% growth in the motorsports segment and strong cashflow

Mining Services were dragged down by issues at RCR Tomlinson (stock down 47.2% - not held by the Trust). This created an opportunity to add to our position in two stocks during the month namely, Swick Mining (EBITDA +20%, share price -6.3%) and Imdex (EBITDA +35.0%, share price -9.3%).

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+2.5
Energy	+1.9
Materials	-4.4
Industrials	+4.5
Consumer Discretionary	+7.6
Health Care	-1.5
Financials-x-Real Estate	+3.0
Real Estate	-0.9
Information Technology	+14.0
Telecommunication Services	-4.2
Utilities	+3.1

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## Contact Us

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Signatory of:  
 Principles for Responsible Investment



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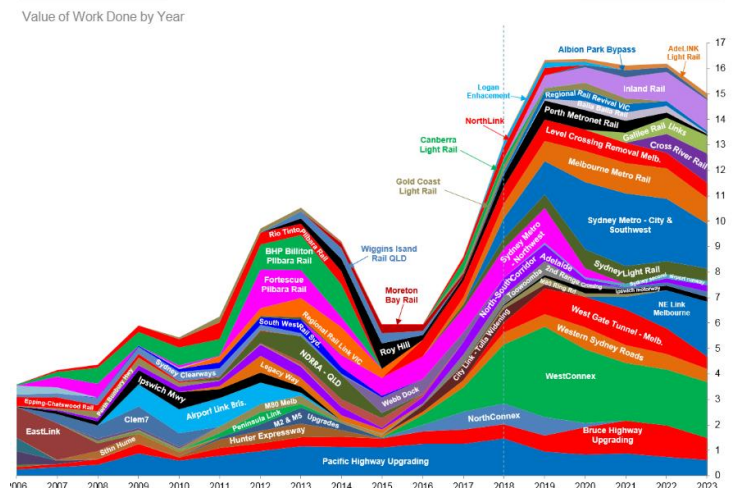
## Trust Activity

Despite the euphoria in the larger tech names we still found two new tech positions which demonstrate reasonable value when we look over our three year forecasts. We participated in the discounted sell-down in **Audinate** (an entrenched audio technology supplier) and bought a position in **LatAm Autos** which is the online car classified leader in Mexico and Ecuador. Audinate moved to cashflow positive in its IPO year (ahead of schedule) and LatAm is likely to move to cashflow positive over the next 12 months.

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.**

### Major Transport Infrastructure Projects – Australia (\$Bn)



Source: Acrow Formwork and Construction FY18 Presentation

## Global, Currency & Commodities (%)

S&P500	+3.0
Nikkei225	+1.4
FTSE100	-4.1
Shanghai Composite	-5.3
RBA Cash Rate	1.50
AUD / USD	-2.7
Iron Ore	-2.2
Oil	+4.3
Gold	-1.7
Copper	-6.4