



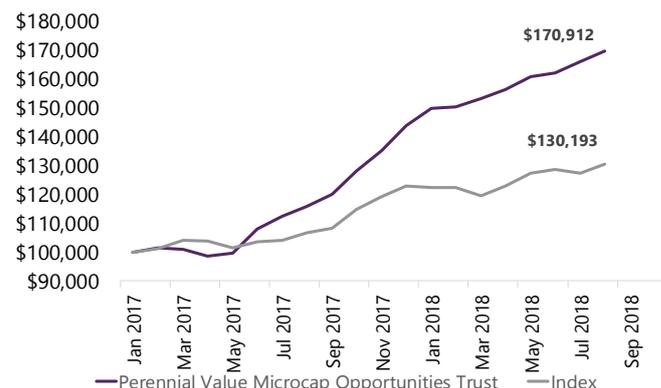
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	0.7	5.4	5.4	42.2	38.0	70.9
S&P/ASX Small Ordinaries Accum. Index	-0.4	1.1	1.1	20.3	17.2	30.2
Value Added (Detracted)	1.1	4.3	4.3	21.9	20.8	40.7

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

Overview

- The Trust was up 0.7% (net of all fees) in September and 5.4% for the quarter to deliver an annual performance of 42.2% (net of all fees). Cumulative net return since inception now sits at 70.9%.
- The key index event for the month was the market reaching 'peak-trade-war' mid September, from which point energy and materials bounced.
- Fund performance was once again driven Acrow Formwork, with positive contributions from education technology, mining services and mining sectors.
- 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 10.8x in FY20 (30.0% discount to market) with 41.2% 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 \$89 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% + Perf fee

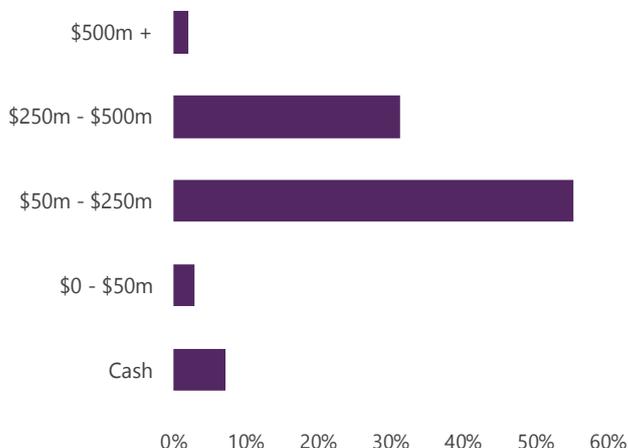
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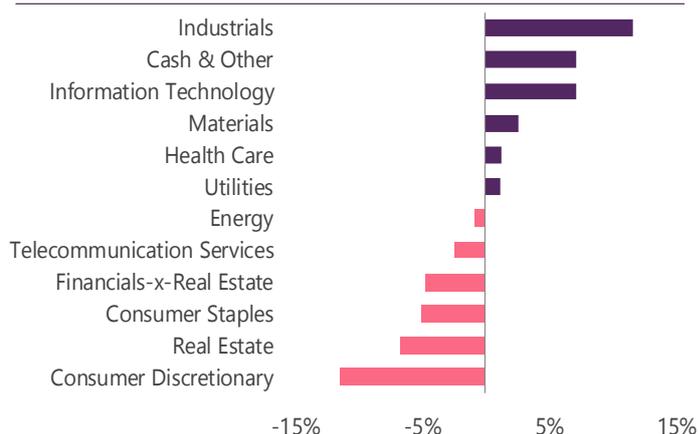
Top 5 Positions

	Trust (%)	Index (%)
Latam Autos Ltd	3.9	0.0
Imdex Limited	3.9	0.2
Acrow Formwork and Construction Services Limited	3.4	0.0
Austin Engineering	3.1	0.0
Janison Education Group Limited	2.7	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

The Trust delivered a +0.7% net return in September.

For the second month in a row **Acrow Formwork and Construction** (+13.7%) was the best performing stock. There was no company specific news flow, but we note ACF has received increased broker coverage post an outstanding result in August. Interestingly, **SRG Global**, which offers exposure to the same East Coast infrastructure thematic as ACF, seemed to be gaining market traction into month end.

Market angst regarding the implications of an all out trade-war between the US and China reached a peak mid-September. While the impact on future economic activity is uncertain, commodity prices had become detached from what is still healthy demand. The subsequent risk-on rally saw sharp gains in oil and base metals. The Trust benefitted from the subsequent bounce in mining services and mining stocks **Imdex** (+6.2%), **RPM Global** (+13.3%) and **Metals X** (+12.4%).

Other positive contributors were:

- **Janison** (+12.7%) after announcing a number of contract wins
- **Oliver's Real Foods** (+15.4%) on the back of a well received results roadshow
- **Austin Engineering** (+4.5%) lifted with improved mining services sentiment into month end.

In a soft month for the market, weaker stock returns tended to be liquidity related

- **Calix** (-10.2%) sold off in anticipation of a tranche of stock being released from escrow, which we bid for.
- **VRS** (-6.7%) drifted lower despite solid director buying, including the vendor of a recently acquired business. We continued to add to our position.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-0.4
Energy	+6.0
Materials	-1.0
Industrials	+1.5
Consumer Discretionary	-1.7
Health Care	+1.9
Financials-x-Real Estate	-3.3
Real Estate	+0.5
Information Technology	-1.1
Telecommunication Services	+2.4
Utilities	-3.7

Invest Online Now

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Signatory of:



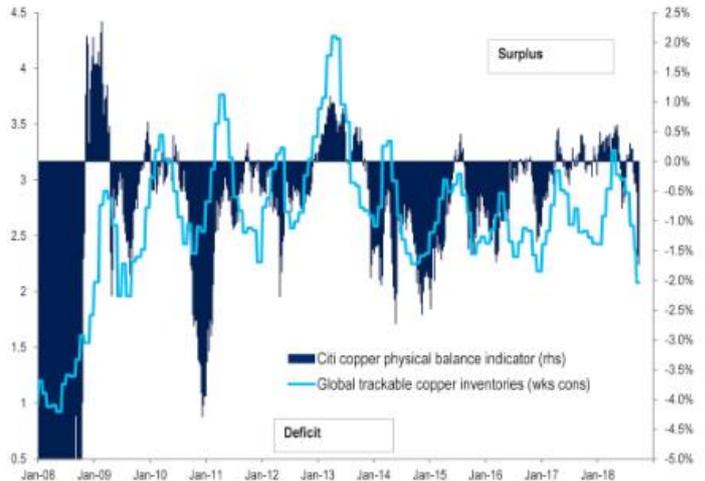
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Trust Activity

During the month we sold out of **Ainsworth** and **Livetiles** on valuation grounds. We added forestry services provider **Midway** to the Trust, which provides exposure to Asian paper demand and earnings leverage to a falling AUD. We also added gold producer **Silver Lake Resources** which has built a \$105m net cash position under current management, and has a falling cost outlook.

At month end the Trust held 68 stocks and cash of 7.2%.

As always, our focus will continue to be on investing in quality companies which are offering attractive valuations.



Bearish trade war rhetoric gave way to bullish physical indicators for many commodities in September. **Source:** Bloomberg, Citi Research

Global, Currency & Commodities (%)

S&P500	+0.4
Nikkei225	+5.5
FTSE100	+1.0
Shanghai Composite	+3.5
RBA Cash Rate	1.50
AUD / USD	+0.0
Iron Ore	+5.6
Oil	+6.8
Gold	-0.9
Copper	+5.0