



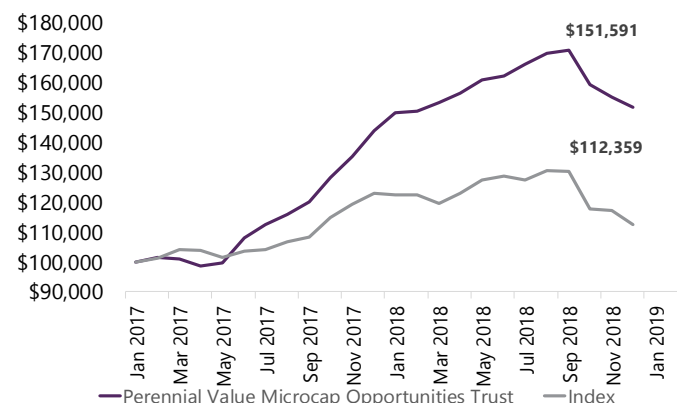
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	-2.3	-11.3	-6.5	5.3	24.3	51.6
S&P/ASX Small Ordinaries Accum. Index	-4.2	-13.7	-12.7	-8.7	6.3	12.4
Value Added (Detracted)	1.9	2.4	6.2	14.0	18.0	39.2

^aSince inception: February 2017. Past performance is not a reliable indicator of future performance.

Overview

- The Trust was down 2.3% (net of all fees) compared to the market decline of 4.2% as the Small Cap Index continued to be dragged lower on global growth fears
- For the 2018 year the Trust was up 5.3% (net of all fees) compared the benchmark decline of 8.7%. This positive absolute performance in the Trust is particularly encouraging in a year where, according to Deutsche Bank, 90.0% of assets worldwide had negative returns when measured in USD
- Pleasingly December marked the first month of trading on the ASX for two of our pre-IPO investments. The discount provided in the pre-IPO convertible note ensured both have been profitable for our investors despite the tough market conditions
- The Trust is at a discount to the market with a current PE of 9.3x in FY20 (a 34.0% discount to market) with 42.6% p.a. EPS growth forecast over the next three years

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 \$111 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% + Perf fee

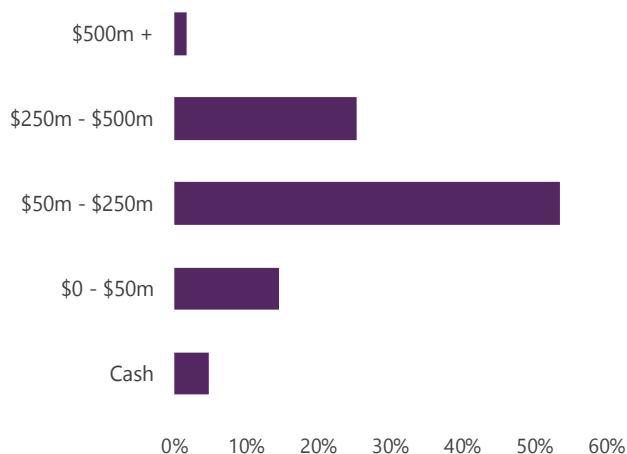
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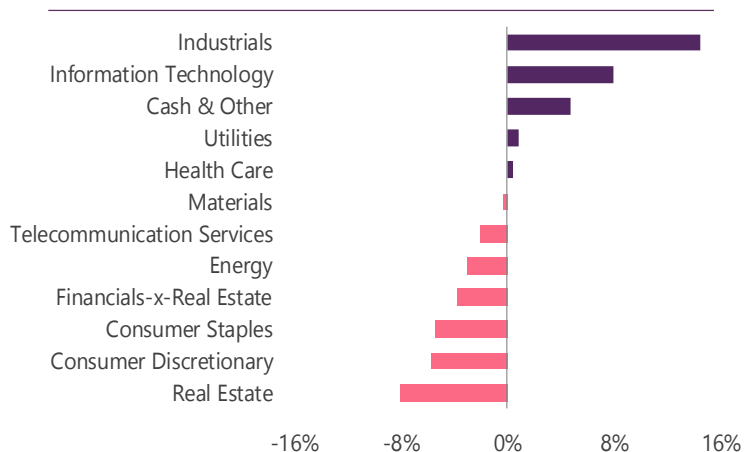
Top 5 Positions

	Trust (%)	Index (%)
Imdex Ltd	5.1	0.2
Acrow Formwork and Construction Services Ltd	4.0	0.0
Latam Autos Ltd	3.5	0.0
ATOMOS LTD	3.3	0.0
EML Payments Ltd	2.9	0.2

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

December marked the successful ASX listing of two of our pre-IPO investments during December despite very tough public market conditions

- **Atomos** (+98.0% from IPO, +147.0% from pre-IPO). Given the solid progress on new products since our initial pre-IPO investment we added to our investment in the December IPO. Atomos develops and manufactures video monitors and software which can compress RAW format video images into useable data files whilst maintaining RAW format characteristics. This allows much greater flexibility during video post-production, which in turn dramatically reduces the cost of producing professional quality video images. As a result we believe Atomos provides investors a unique exposure to the boom in video content largely been driven by social media. Atomos has secured partnerships with Apple, Adobe, Sony, Canon, Panasonic, Nikon and JVC Kenwood, ensuring broad compatibility of its product offering as well as establishing barriers to entry against competitors.
- **Revasum Inc** (-10.0% from IPO, +18.1% from pre-IPO). Our pre-IPO discount more than offset the drag on our investment in Revasum due to the sector wide selloff in semi-conductors in the last quarter of 2018. We added to the investment post the IPO given we believe Revasum's niche market exposures are still growing and thus we expect positive earnings momentum during 2019.

The other positive contributors to performance during December were the Trust's holdings in gold stocks. Both **Doray Minerals** (+17.7%) and **Silver Lake Resources** (+16.8%) performed well after announcing a friendly merger as well as being driven by the strong AUD gold price - which is approaching all time highs.

News flow was limited in our remaining holdings, despite this there was some large price moves with liquidity very low in December.

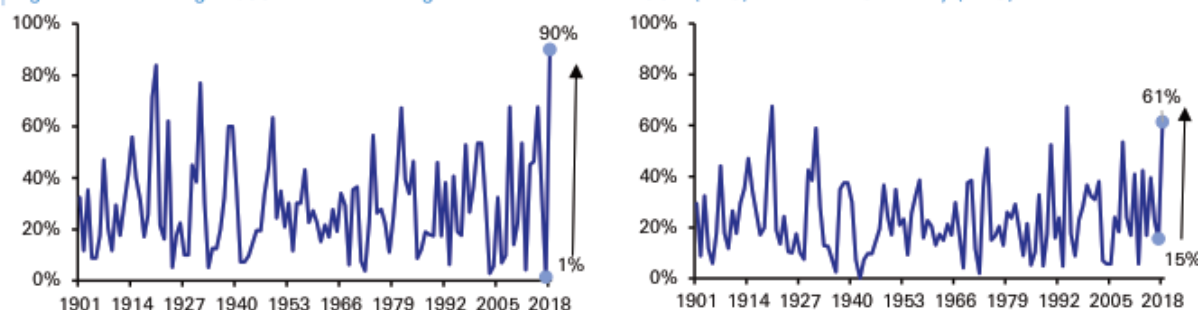
The share price of **Longtable** (+17.5%) continued to recover while **Austin Engineering** (-17.4%) and **Oliver's** (-20.9%) drifted lower despite no earnings updates.

The large sell-off across the market has increased the investable universe significantly and we began to add some new names towards the end of the month. At month end the Trust held 65 stocks and cash of 4.8%.

The positive return of the Trust in 2018 is put into context given the data shown below for other asset classes.

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

Figure 1: Percentage of Assets with a Negative Total Return in USD (LHS) and Local Currency (RHS) Terms



Source: Deutsche Bank, Bloomberg Finance LP, GFD. Total number of assets in 2018 is 70 versus 34 in 1901.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-4.2
Energy	-8.0
Materials	-0.3
Industrials	-3.5
Consumer Discretionary	-4.2
Health Care	-7.2
Financials-x-Real Estate	-5.4
Real Estate	+4.7
Information Technology	-6.9
Telecommunication Services	-11.4
Utilities	-5.3

Global, Currency & Commodities (%)

S&P500	-9.9
Nikkei225	-10.5
FTSE100	-3.6
Shanghai Composite	-3.6
RBA Cash Rate	1.50
AUD / USD	-3.6
Iron Ore	+8.9
Oil	-8.4
Gold	+5.1
Copper	-5.6

Invest Online Now

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

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