



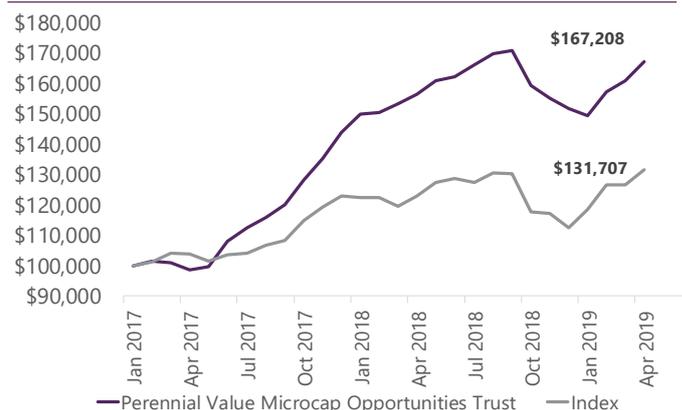
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	4.0	11.9	3.1	6.8	25.8	67.2
S&P/ASX Small Ordinaries Accum. Index	4.1	11.0	2.3	7.2	13.1	31.7
Value Added (Detracted)	-0.1	0.9	0.8	-0.4	12.7	35.5

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

Overview

- The Trust was up 4.0% broadly in line with the Small Ordinaries Accumulation Index which was up 4.1%. This takes the cumulative net performance since inception to 67.2% (net of fees) vs the benchmark which is up 31.7% over the same period.
- We were cornerstone investors in Next Science and thus pleased to see the successful listing during the month. The stock closed out the month at \$1.60; a healthy premium to our entry price of \$1.
- Many of our key holdings also recovered strongly as the redemption activity in small caps began to abate.
- We are currently finding a larger number of potential investments as several microcaps have been left behind by the recent rally and offer compelling value. The average EV/EBIT multiple is now 6.3x for the Trust, a 47.5% discount to the Index.

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 \$131 million

Distribution Frequency
Annual

Minimum Initial Investment
\$25,000

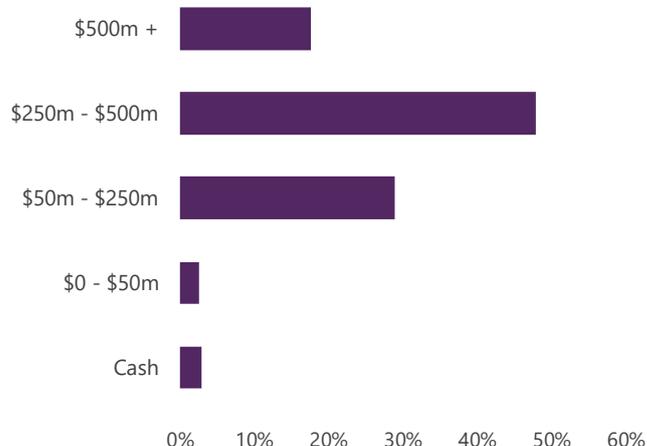
Trust Inception Date
February 2017

Fees
1.20% + Perf fee

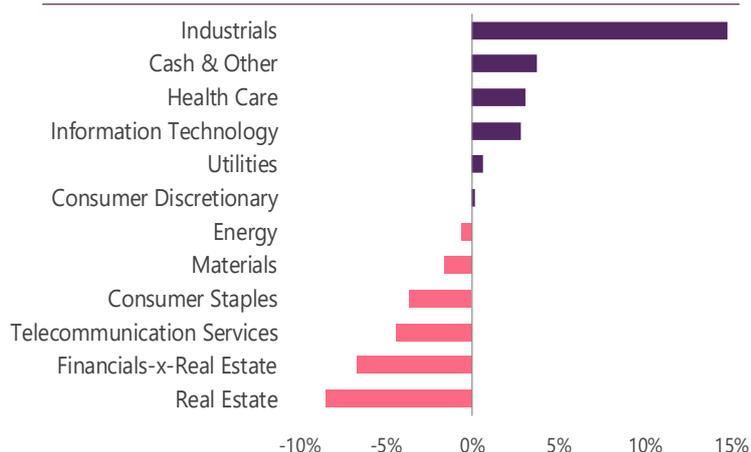
APIR Code
WPC3982AU

Top 5 Positions	Trust (%)	Index (%)
Atomos	4.7	0.0
Ecofibre	4.6	0.0
Janison Education Group	3.7	0.0
PWH Holdings	3.7	0.0
Imdex	3.5	0.2

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

The Trust continued to benefit from our selective approach to IPO's with **Next Science** closing at \$1.60, compared to the listing price of \$1.00. We were attracted to Next Science given the strong and experienced management team combined with patented technology and early sales traction.

Pleasingly another successful IPO from the previous month continued to deliver with **Ecofibre** (+20.9%) after disclosing a strong March quarter and forecasting revenue for the full year to be 5.5x FY18 and a move to profitability.

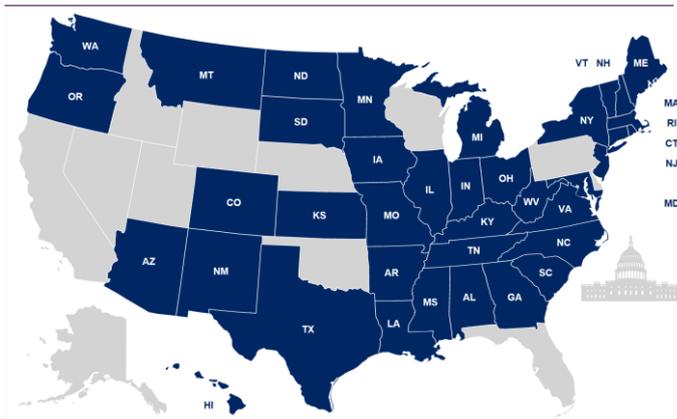
Rhipe performed well during the month (+33.9%) and while there was no specific earnings update, their key partner Microsoft posted a strong sales increase of 41.0% in commercial cloud revenue highlighting the positive environment for Rhipe currently.

Integral Diagnostics (+22.9%) benefited from attractive government funding proposals from both sides of politics with a return of indexation with the Labor Party also proposing specific funding for expanded imaging diagnostics for cancer. Integral also reiterated their earnings guidance at month end.

Uniti Wireless (+17.4%) moved on from their rebuffed bid for Spirit Telecom and continued their bolt on strategy with the acquisition of Pivit. They also delivered positive cashflow in the March quarter and forecast 23.5% growth for the June quarter.

SRG Global (+14.8%) announced several new contract wins and a renewal which begins to de-risk their publicly stated ambition of a "step change profit growth in FY20".

EML Payments (+11.7%) announced an extension of their contract with Bet365 to now include New Jersey. This is the second contract for EML in New Jersey with it becoming legal in more states. The graphic to the right shows how many states have legislation at various forms to legalise sports betting, yet only 7 states have formally legalised to date. While we are yet to capture this revenue in our forecasts it represents large growth potential for EML.



Source: <https://www.legalsportsreport.com/sportsbetting-bill-tracker>

We wrote in the previous month that many of our positions were negatively impacted by the selling pressure created by redemption activity amongst several small cap managers. It was pleasing to see many of these stocks recover in April in the absence of any news flow with **Navigator** (+28.9%), **HRL Holdings** (+16.7%), **PWR Holdings** (+12.3%) and **Adairs** (+11.8%) all up strongly. **Acrow Formwork** (+11.8%) also bounced after several directors bought stock on market.

On the negative side, two of our larger positions (**Revasum** -20.6% and **Austin Engineering** -14.3%) referenced contract deferrals and delays into FY20. While not a positive we view these downgrades as less significant as there is an important difference between a delay of existing orders compared to a more structural or cyclical downgrade. In both cases our estimates of FY20 earnings have not changed materially. Indeed the deferral of work to that year could provide upside to our forecasts.

At month end the Trust had 66 stocks and 3.0% cash.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+4.1
Energy	+1.9
Materials	-2.0
Industrials	+6.1
Consumer Discretionary	+7.8
Health Care	+7.3
Financials-x-Real Estate	+5.9
Real Estate	+0.5
Information Technology	+7.2
Telecommunication Services	+6.3
Utilities	-0.4

Global, Currency & Commodities (%)

S&P500	+3.9
Nikkei225	+5.0
FTSE100	+1.9
Shanghai Composite	-0.4
RBA Cash Rate	1.50
AUD / USD	-0.9
Iron Ore	+6.2
Oil	+6.4
Gold	-0.7
Copper	-1.3

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