



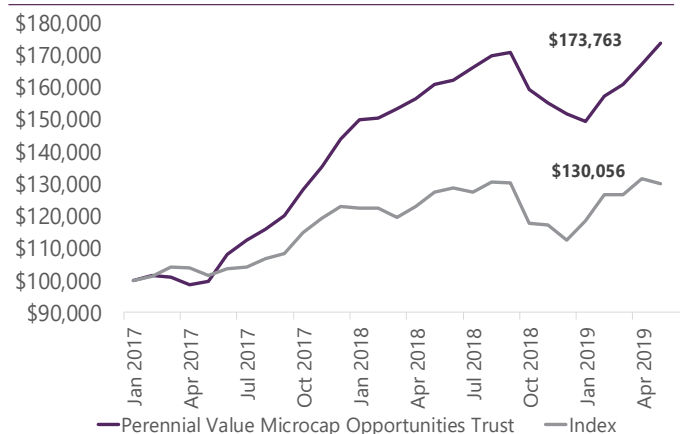
| | Month (%) | Quarter (%) | FYTD (%) | 1 Year (% p.a.) | Since Inception (%p.a.) | Since Inception Cumulative (%) |
|--|------------|-------------|------------|-----------------|-------------------------|--------------------------------|
| Perennial Value Microcap Opportunities Trust (Net) | 3.9 | 10.5 | 7.1 | 8.0 | 26.8 | 73.8 |
| S&P/ASX Small Ordinaries Accum. Index | -1.3 | 2.7 | 1.0 | 2.1 | 12.0 | 30.1 |
| Value Added (Detracted) | 5.2 | 7.8 | 6.1 | 5.9 | 14.8 | 43.7 |

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

Overview

- The Trust was up 3.9%, ahead of the Small Ordinaries Accumulation Index (the Index) which was down 1.3%. This takes the cumulative net performance since inception to 73.8% (net of fees) vs the benchmark which is up 30.1% over the same period.
- Next Science (NXT) continued to outperform in May, up 126.9% for the month. The company provided a positive update on its sales strategy, appointing an exclusive distributor for the US market.
- Uniti Wireless (UWL), up 116.6% for the month, re-rated on the earnings accretive acquisitions of Fone Dynamics and Call Dynamics.
- First Graphene (FGR) rallied 38.9% as the market anticipated regulatory approval for first graphene sales in Australia. The approval was granted towards the end of the month. We look forward to contracted sales announcements in the near term.

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 \$155 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% + Perf fee

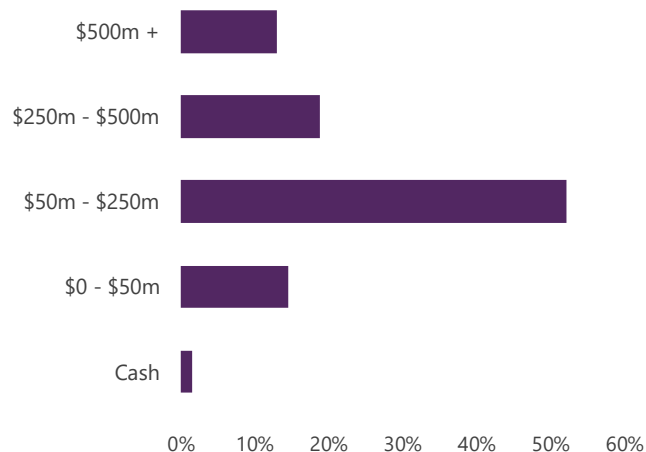
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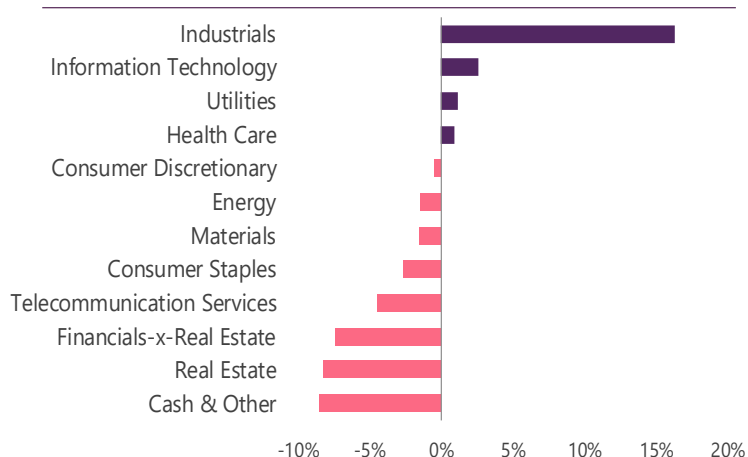
Top 5 Positions

| | Trust (%) | Index (%) |
|-----------------------|-----------|-----------|
| Atomos | 4.9 | 0.0 |
| Ecofibre | 3.8 | 0.0 |
| PWH Holdings | 3.4 | 0.0 |
| Longtable Group | 3.2 | 0.0 |
| People Infrastructure | 3.0 | 0.0 |

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Next Science was the top performing investment for the Trust for the second month in a row (+126.9%). A positive sales update on US distribution added to positive sentiment surrounding the company's anti-bacterial technology.

Two earnings accretive acquisitions by **Uniti Wireless** in May contributed to strong share price performance (116.6%) in the month. An over subscribed capital raising provides flexibility for further M&A. With its market cap lifting above \$100m in May, Uniti is becoming a more meaningful company in the small cap telco space.

In an Australian first, **First Graphene** (+38.9%) gained statutory approval to commence sales of its Pure-Graph™ graphene product domestically. Test results show material improvements in strength and abrasion resistance when graphene is added to polymers or other composites (fibre glass). We expect contracts for first sales to be announced shortly.

EML payments (+33.7%) had an eventful month, signing a user agreement with Smartgroup and acquiring Flex-e-Card. Both add considerable momentum to earnings in FY20.

Emerging gold producer **Red 5** (+33.6%), announced a material increase in the King Of The Hills resource, which now stands at 3.1Moz and is limited primarily by drilling. The company is producing gold at a rate of 110koz pa. The growing resource base suggests there is scope to expand production beyond current levels.

SRG Global (+18.6%) continued to announce new contracts, adding credibility to its stated claim of a "step change profit growth in FY20".

On the downside **Latam American Autos** (-24.8%) came under pressure post a softer than expected quarterly update at the end of April, which impacted sentiment in May.

With tax loss selling upon us we have started to hunt for quality companies subject to indiscriminate selling towards financial year end. The average EV/EBIT multiple is now 6.9x for the Trust, a 42.5% discount to the Index.



Source: Perennial. Visiting the First Graphene manufacturing facility in Henderson

As we have highlighted recently in marketing presentations and monthly reports, valuations amongst a concentrated group of large tech stocks soared to levels not seen since the dot com bubble in 2001. This anomaly was a big part of the share market rally in the first half of 2019, but appears to have run its course and is now starting to unwind.

At month end the Trust had 68 stocks and 1.5% cash.

Market Review – Australia (%)

| | |
|--------------------------------|------|
| S&P/ASX Small Ordinaries Index | -1.3 |
| Energy | -8.7 |
| Materials | +4.3 |
| Industrials | -4.7 |
| Consumer Discretionary | -0.1 |
| Health Care | -4.6 |
| Financials-x-Real Estate | -1.4 |
| Real Estate | +0.6 |
| Information Technology | -4.7 |
| Telecommunication Services | +8.7 |
| Utilities | +4.2 |

Global, Currency & Commodities (%)

| | |
|--------------------|-------|
| S&P500 | -6.6 |
| Nikkei225 | -7.4 |
| FTSE100 | -3.5 |
| Shanghai Composite | -5.8 |
| RBA Cash Rate | 1.50 |
| AUD / USD | -1.6 |
| Iron Ore | +8.9 |
| Oil | -11.4 |
| Gold | +1.7 |
| Copper | -9.1 |

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Signatory of:



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