



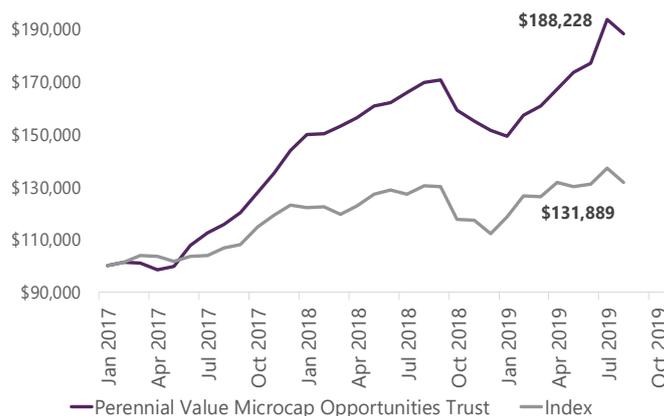
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	-2.8	8.3	6.2	10.9	27.8	88.2
S&P/ASX Small Ordinaries Accum. Index	-3.9	1.4	0.5	1.0	11.3	31.9
Value Added (Detracted)	1.1	6.9	5.7	9.9	16.5	56.3

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

Overview

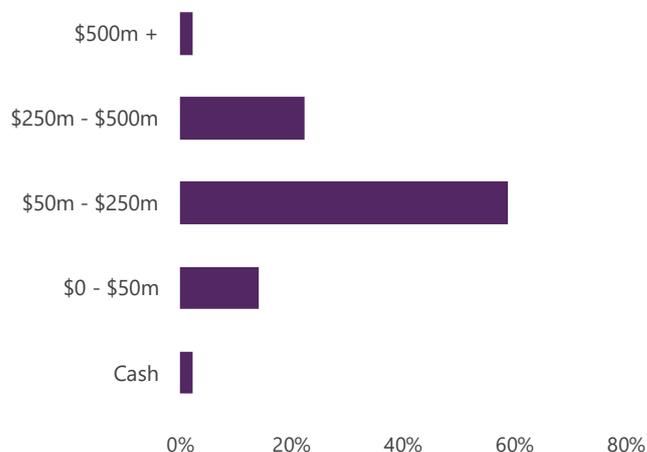
- The Trust was down 2.8%, falling less than the Small Ordinaries Accumulation Index which was down 3.9%. The annual performance is now +10.9% (net of fees) vs the benchmark which is up 1.0% over the same period.
- The outperformance on the Trust was driven by several strong profit results against the backdrop of what was a generally poor reporting season for the Small Cap Index (45 downgrades vs 27 upgrades).
- Stocks in the Trust exposed to a recovering Australian consumer (Baby Bunting), gold stocks (Capricorn Metals, Red 5) as well as innovative companies operating globally such as EML Payments and RPM Global all performed well.
- We took advantage of the large drop in equities markets at the beginning of the month to lock in gains in our more defensive holdings and spend some of our cash on oversold names.
- The portfolio is attractively priced on 10.5x PE in FY21 a 30.5% discount to the market.

Growth of \$100,000 Since Inception

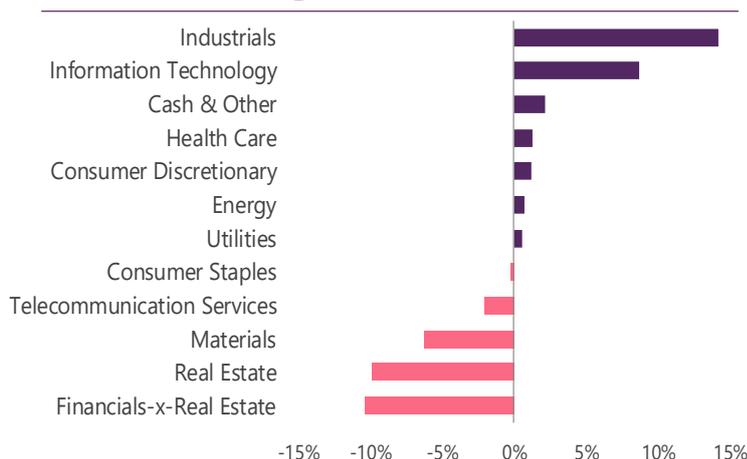


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Active Exposure vs Index



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 \$200 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 (%)
Alliance Aviation Services	3.8	0.0
Atomos	3.7	0.0
Gage Roads Brewing	3.4	0.0
PWR Holdings Ltd	3.2	0.0
Primero group Ltd	2.8	0.0

Trust Review

The focus of investors was on the annual reporting season and pleasingly the vast majority of our holdings delivered either in line or better than expected results. This was against a backdrop of a generally poor reporting season (45 downgrades vs 27 upgrades for Industrial Small Caps tracked by JPMorgan).

It is testament to the strength of much of the portfolio that the Trust was able to outperform during the month despite a significant drag from **SpeedCast International** (-58.9%).

We, like other investors, were disappointed that the historically good cash generation of SpeedCast went missing in their 1H19 result. The 5 year average cash conversion was 91.0% whereas the half year result was less than 30.0%. This resulted in a short term liquidity squeeze which, despite room under existing bank covenants, caused a large sell-off in the share price. We spent considerable time with management and the new Chairman to explore our concerns and the opportunity for a turnaround. The steps to recover both earnings and cashflow are logical and appear achievable with considerable upside in the share price if debt levels can be reduced meaningfully - however until this has happened it is high risk and thus we continue to monitor the position closely.

On the flip side there were many strong performances in the portfolio.

Gold stocks continued to contribute strongly to performance. **RED** rallied +40.4% rallied strongly post reporting the results of a pre-feasibility study into the expansion of the King of the Hills gold mine. This included a maiden reserve of 1.4Moz which was above expectations and is likely to grow as drilling continues. Capricorn Metals (+51.5%) rallied strongly post raising development capital for the Karlawinda gold project. CMM continues to enjoy a broad base of shareholder support post the former Regis Resources directors joining the CMM board.

Baby Bunting (+26.8%) delivered a high quality result which was at the top end of its FY19 guidance range. Initial FY20 guidance was received well with NPAT forecast to grow 40.0% over FY19. This subsequently drove significant broker EPS upgrades. Many competitors left the industry in FY18 causing excess discounting at the time - our investment thesis was that as competition reduced Baby Bunting would thrive and this is now being seen both in strong sales and gross margins.



Source: Baby Bunting FY19 Result Presentation

EML Payments (+18.8%) impressed the market with strong growth in all regions (overall 37.0% revenue growth and 40.0% EBITDA growth) and an impressive run-rate towards year end setting them up for further growth in FY20. We used the strength of the share price to lock in profits and exit the stock.

RPM Global (+17.2%) finally began to gain market attention after several years in the wilderness. The transition from upfront software license fees to recurring subscription fees is gaining rapid traction with Annual Recurring Revenue now \$7m (after a sharp jump post balance date) and a cash hoard to \$28.0m.

At month end the Trust had 70 stocks and 2.2% cash.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-3.9
Energy	-8.1
Materials	-7.4
Industrials	+0.4
Consumer Discretionary	-1.7
Health Care	+1.6
Financials-x-Real Estate	-4.9
Real Estate	+5.7
Information Technology	+1.6
Telecommunication Services	-3.9
Utilities	+2.3

Global, Currency & Commodities (%)

S&P500	-1.8
Nikkei225	-3.8
FTSE100	-5.0
Shanghai Composite	-1.6
RBA Cash Rate	1.00
AUD / USD	-2.2
Iron Ore	-28.9
Oil	-7.3
Gold	+7.5
Copper	-4.7

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Signatory of:



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