



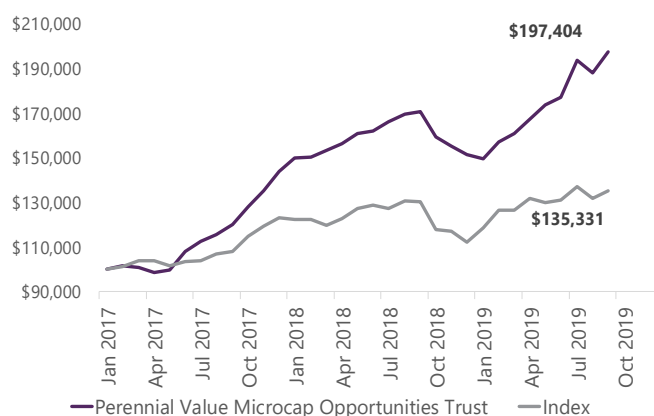
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	4.9	11.4	11.4	15.5	29.1	97.4
S&P/ASX Small Ordinaries Accum. Index	2.6	3.1	3.1	4.0	12.0	35.3
Value Added (Detracted)	2.3	8.3	8.3	11.5	17.1	62.1

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

Overview

- The Trust was up 4.9%, outperforming the Small Ordinaries Accumulation Index (the Index) which was up 2.6%. The annual performance is +15.5% vs the Index which is +4.0% over the same period.
- Early in the month, there was a globally observed rotation from growth and momentum stocks into value stocks. There was no clear catalyst for this move, but after 12 years of relative underperformance it appears the valuation divergence between sectors may be approaching its limit.
- While style rotation was a tailwind in the month, as usual stock specific outcomes were the main driver drivers of performance. Companies with positive updates included Kyckr, De.Mem and Speedcast. It's reassuring to note stock specific progress is still being rewarded by the market, despite an uncertain macro economic environment.
- The portfolio is attractively priced on 10.7x PE in FY21, a 33.9% 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.

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 \$210 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% + Perf fee

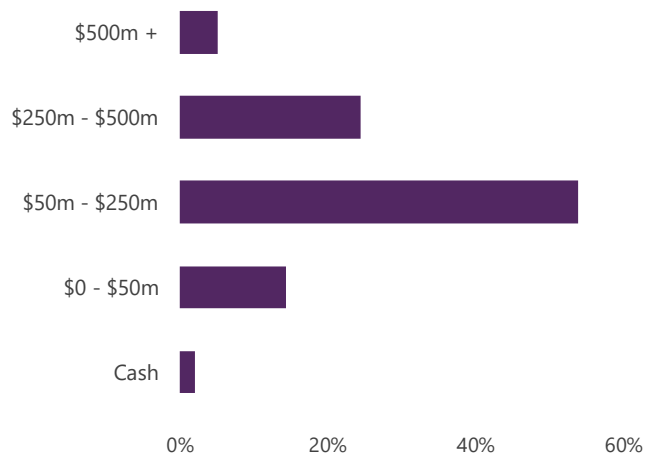
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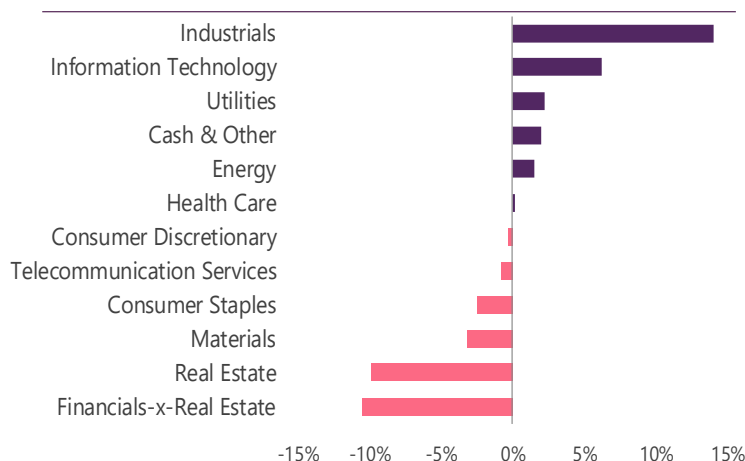
Top 5 Positions

	Trust (%)	Index (%)
Atomos	3.6	0.0
Alliance Aviation Services	3.3	0.0
Gage Roads Brewing	3.0	0.0
PWR Holdings Ltd	2.7	0.0
Primerio Group Ltd	2.6	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Markets continued to grind higher in September, despite generally weakening global economic data. The outcome of the trade dispute between China and the US remains the key factor in determining the direction of the global economy. We consider forecasting the resolution of this conflict to be a low conviction exercise and have positioned the portfolio accordingly.

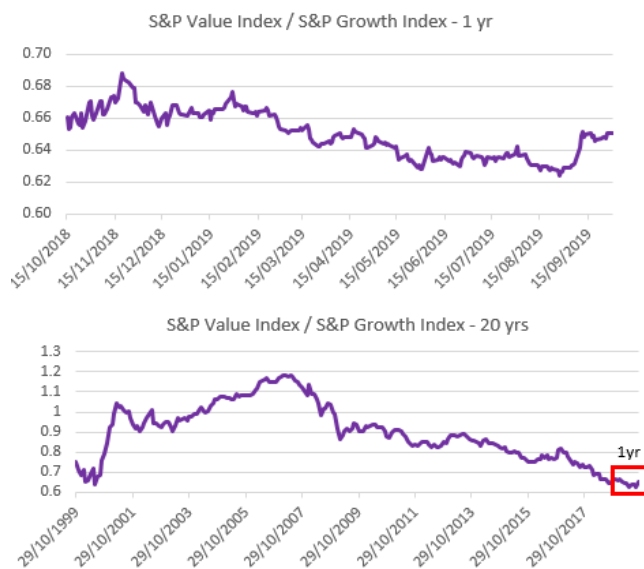
Cloud based software company **Kyckr** (+152.8%) rallied strongly post a capital raising corner stoned by well known technology entrepreneur Richard White (founder of WiseTech) as well as announcing a resale agreement covering Australia and New Zealand.

Speedcast (+58.1%) recovered strongly from being oversold the previous month. We view the announcement of two new board appointments, both with extensive satellite communications experience, as a positive. It was also pleasing to note some director buying during the month.

Water treatment company **De.Mem** (+52.9%) rallied strongly post a capital raising to facilitate expansion of the group's build-own-operate (BOO) business, and its associated recurring revenue stream, which had been capital constrained. Further good news was received at month end by way of a contract extension with a key client in Queensland.

After a period of strong gains, gold stocks followed the gold price (-3.1%) lower in September, with **RED 5** (-9.1%) and **Ora Banda** (-10.0%) trading down in the month. We believe the drivers for the recent gold price rally are still in place so we're happy to add to positions on weakness.

Top 5 holding, **Primero** (-7.5%) traded down in September despite a positive August result. We believe the market may still be viewing Primero as a lithium proxy, as it has been involved in most of the WA lithium developments. However, a September corporate presentation highlighted lithium related work as being a modest 11.0% of the FY20 order book, with the bulk of revenue to come from iron ore (36.0%) and power sectors (43.0%), both of which we view as having a positive outlook.



Source: Bloomberg

The charts above highlight the prolonged period of underperformance of value as an investment style relative to growth. While we have been able to outperform during this period, we believe investors should be cognisant of the divergence in valuations which has occurred, particularly over the last three years to levels not seen since the peak of the dotcom boom.

At month end the Trust had 70 stocks and 2.0% cash.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+2.6
Energy	+2.9
Materials	-0.2
Industrials	-0.5
Consumer Discretionary	+5.6
Health Care	-0.3
Financials-x-Real Estate	+9.7
Real Estate	-2.4
Information Technology	+1.3
Telecommunication Services	+2.3
Utilities	+0.1

Global, Currency & Commodities (%)

S&P500	+1.7
Nikkei225	+5.1
FTSE100	+2.8
Shanghai Composite	+0.7
RBA Cash Rate	1.00
AUD / USD	+0.1
Iron Ore	+9.3
Oil	+0.6
Gold	-3.1
Copper	+1.1

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Signatory of:



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