



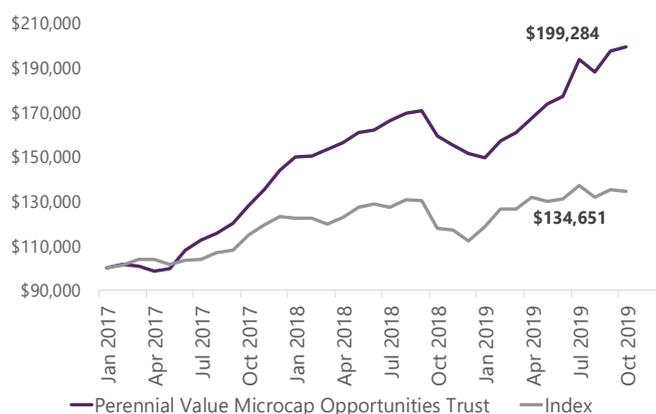
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	Since Inception (%p.a.)	Since Inception Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	1.0	2.9	12.5	25.0	28.5	99.3
S&P/ASX Small Ordinaries Accum. Index	-0.5	-1.8	2.6	14.4	11.4	34.7
Value Added (Detracted)	1.5	4.7	9.9	10.6	17.1	64.6

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

Overview

- The Trust was up 1.0%, outperforming the Small Ordinaries Accumulation Index (the Index) which was down 0.5%. For the financial year to date the Trust is up +12.5% compared to the Index which is up +2.6%.
- Early in the month, there was a sell-off in markets given weak global economic indicators, this was followed by a mild recovery on optimism of a potential trade deal between China and the United States.
- Quarterly earnings updates drove most of the stock performance with strong updates from Janison Education, Veris and Bigtincan contrasting weak updates from Revasum and Oneview Healthcare.
- Accretive acquisitions also drove the share prices of Acrow Formwork and De.Mem higher during the month.
- The portfolio is attractively priced on 9.5x P/E in FY21, a 37.1% 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 \$205 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% + Perf fee

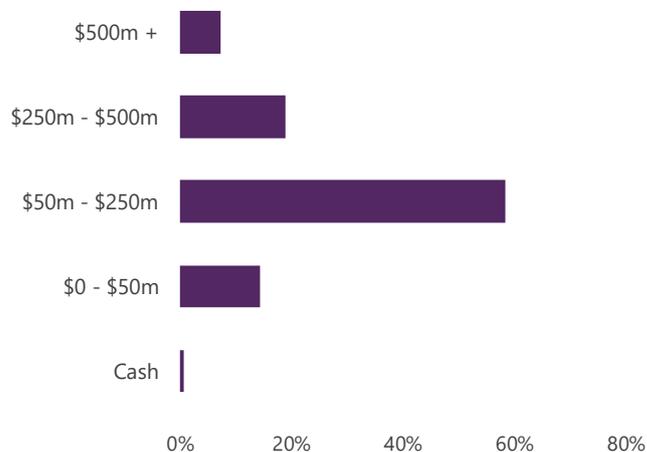
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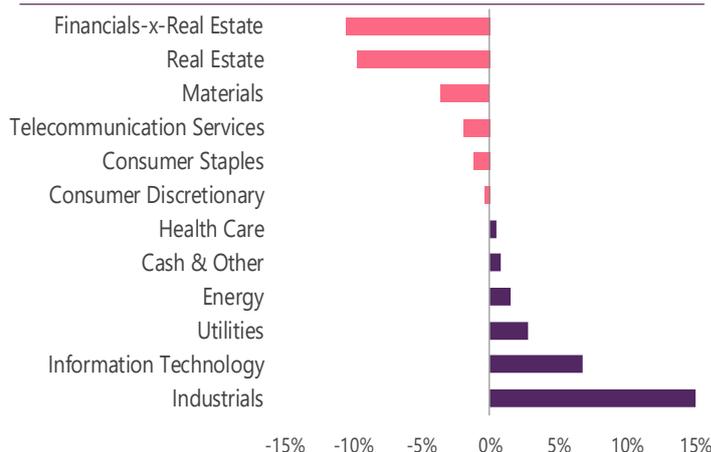
Top 5 Positions

	Trust (%)	Index (%)
Alliance Aviation Services	3.8	0.0
Atomos	3.7	0.0
Primero Group Ltd	2.9	0.0
Gage Roads	2.9	0.0
De.Mem Ltd	2.7	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Education software provider **Janison Education** (+20.0%) reported a strong 1Q20 with the best growth coming from the higher margin Assessment division as shown in the accompanying graphic.

Acrow Formwork (+34.7%) benefited from the acquisition of Uni-span, a mainly Queensland based formwork and scaffolding business. Negotiations for the acquisition were disclosed several months ago to the market and they have already been successful in a joint bid for formwork work at the Sun Metals Zinc Refinery.

Veris (+30.4%) bounced strongly post a positive trading update on the September quarter – suggesting the business is starting to turn around after a poor FY19. This was a welcome relief given the share price has been under pressure recently due to an attempted board spill and concerns surrounding the balance sheet. The board spill was unsuccessful and the September update suggests balance sheet pressures will ease.

De.Mem (+19.2%) continued to rally after announcing the acquisition of Geutec, a water treatment solution provider in Germany. De.mem is hoping to sell the specialist chemicals of Geutec into their existing client base in Australia.

Primero (+9.5%) rallied following a positive update on the company's order book, which stood at \$120m at mid-October, on track to meet consensus forecasts of \$150m revenue for FY20. We see PGX as well placed to benefit from an increase in iron ore sustaining capex over the coming years.

Bigtincan Holdings (+16.7%) and **Temple and Webster** (+20.5%) both delivered impressive quarterly updates during the month.

Cash receipts were up +56% for Bigtincan and they also announced contract wins with Nike for North America and NTT DOCOMO in Japan.

Temple and Webster were able to buck the trend of weak furniture sales in Australia with their online only model delivering 45% revenue growth in the 1QFY20.



Source: Janison Education October 2019 shareholder update

Revasum (-36.4%) downgraded earnings expectations for CY19 early in the month given the weak semi-conductor markets. However the market seemed to miss the announcement (within the formal quarterly accounts at month end) of a multi-year agreement with Cree, one of the largest operators in the semi-conduction market. We have always viewed Revasum as an CY20/CY21 earnings story and this contract win supports this view.

Oneview Healthcare (-16.4%) also reduced guidance for CY21 with a slower sale cycle in health and aged care pushing earnings recognition into CY20.

The gold sector softened after several strong months, rather than fighting this trend we locked in profits and reduced our exposure to some degree.

In terms of new stocks the team was busy doing due diligence on the many IPO's trying to come to market before the end of the year. Pleasingly the team has committed to three high quality companies which are due to list in the next few months.

At month end the Trust had 70 stocks and 0.8% 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



Microcap Portfolio Managers: Sam Berridge (left) and Andrew Smith (right)

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



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