



	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (%p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	10.2	25.7	10.2	14.4	25.3	25.6	121.7
S&P/ASX Small Ordinaries Accumulation Index	1.4	9.9	1.4	-8.5	6.5	6.7	25.5
Value Added	8.8	15.8	8.8	22.9	18.8	18.9	96.2

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

Overview

The Trust was up 10.2% for the month outperforming the Small Cap Index (the Index) which was up 1.4%. At the Index level, gold stocks did all the heavy lifting to offset Industrials which were flat.

The Trust benefitted from several strong earnings updates from the likes of Marley Spoon and Genetic Signatures. Our position in gold names such as Ora Banda and Capricorn Metals, as well as diversified miner, Aurelia Minerals, also had a positive impact.

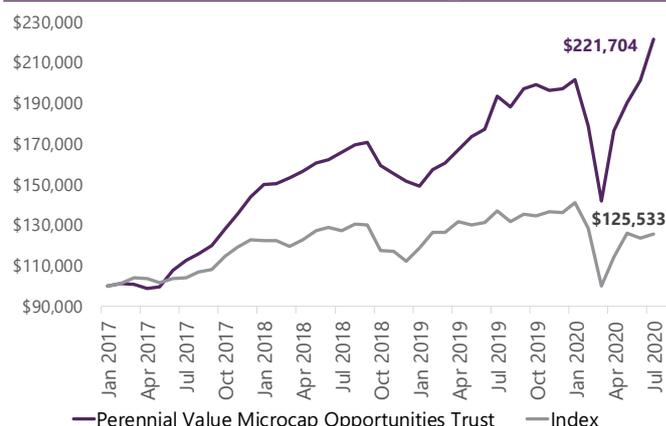
Strong quarterly updates were also provided by Aeris Environmental and De.mem, while Superloop confirmed full year guidance.

It was pleasing to see an improving outlook for positions which had previously been a drag on performance – with a growing order book for shipping technology manufacturer Veem and drilling contractor Swick, as well as a move to profitability for Maggie Beer.

Aroa Biosurgery (a position we added pre-IPO) successfully floated during the month closing at \$1.48 vs the 75c IPO price and our 60c entry price pre-IPO.

With valuations beginning to look stretched, we added some downside Index protection ahead of August reporting season.

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 and Sam Berridge

Trust FUM

AUD \$242 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% p.a. + Performance fee

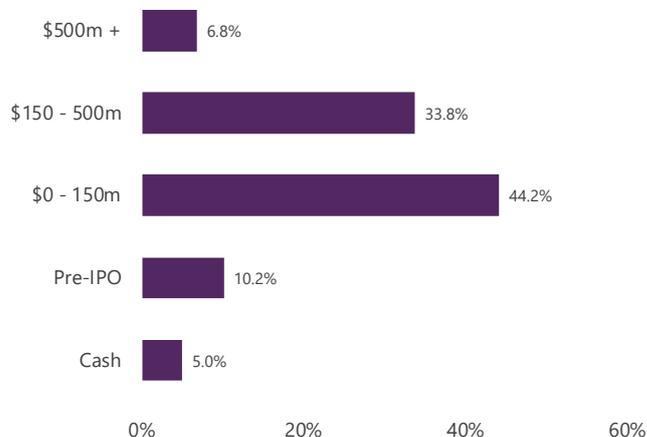
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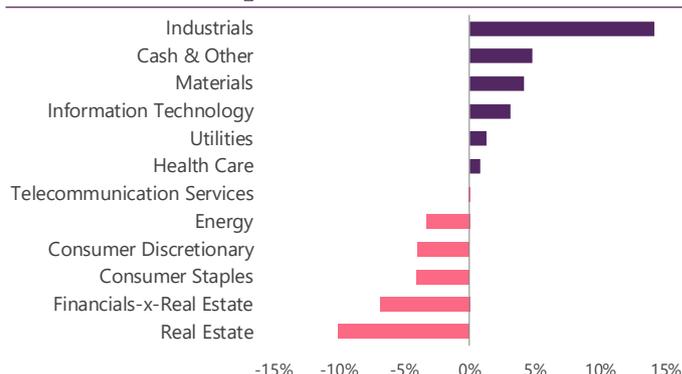
Top 5 Positions

	Trust (%)	Index (%)
MARLEY SPOON AG	3.8	0.0
HRL HOLDINGS LTD	3.4	0.0
SWICK MINING SERVICES LTD	3.2	0.0
ALLIANCE AVIATION SERVICES L	3.2	0.0
ORA BANDA MINING LTD	3.2	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

The strongest contributor to performance was the sharp rise in the share price of meal delivery service **Marley Spoon** (+81.1%). Our relatively high expectations were significantly exceeded with a strong earnings update at the end of July. The last indication the market had of trading was the 100% growth rate during April. Most analysts, including us, expected this growth rate to fade as economies began to open up around the world – the debate was at what lower level sales would settle and we took the view it would be in the order of a still impressive 70%. As it turns out, the strong growth has accelerated in all the markets Marley operates in with particularly impressive growth rates in the United States. We were very impressed with the high customer retention rates that Marley was able to achieve (while customer acquisition costs have dropped). Despite the logistic challenges of such growth, this additional revenue flowed through at a higher margin and the cash position of the company also improved.

In many ways the investment proposition of Marley Spoon has been significantly de-risked with this operational performance, thus despite the higher share price, it remains a core holding.

Another strong quarterly update was delivered by **Genetic Signatures** (+14.0%) with 4Q revenue growth of 351% including sales into Europe for the first time. A key catalyst going forward is the potential for FDA approval into the far larger US market.

Other recent poor performers beginning to turn the corner include **Maggie Beer** (+67.9%) with an impressive turnaround in profitability margins and build in cash, **Veem** (+12.5%) with repeat orders from the large European ship builder, Damen, who have begun using Veem's high end gyro and **Swick Mining Services** (+44.0%) with an encouraging update highlighting their large gold exposure.

During the month, we also supported a capital raising by **SciDev** (+13.8%) to fund the successful expansion into the infrastructure sector.

In previous months, we used discounted capital raisings to add **FirstWave Cloud Technology** (+42.9%) and **Micro-X** (+29.6%) to the portfolio – both had encouraging updates during July.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+1.4
Energy	-3.8
Materials	+7.7
Industrials	-1.0
Consumer Discretionary	+2.1
Consumer Staples	+0.4
Health Care	-0.8
Financials-x-Real Estate	+2.6
Real Estate	+1.6
Information Technology	+6.3
Telecommunication Services	+0.1
Utilities	+3.3

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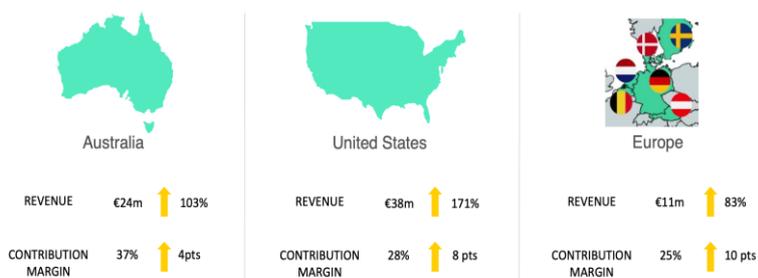
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Q2 2020 regional performance

MARLEY SPOON



Source: Marley Spoon June 2020 Quarterly Update

Our position in gold names continued to deliver with **Ora Banda** (+29.0%) and **Capricorn Metals** (+8.9%), as well as diversified miner, **Aurelia Minerals** (+9.0%), performing well. One detractor in the space was **Dacian Gold** (down 27.0%) after a mixed update. Having reduced our position in the previous month, we used what looked like an over-reaction to add some back.

The main drag on the portfolio was the position in **Gage Roads Brewing** (down 22.4%) post a capital raising and earnings update. Whilst the earnings update was mixed, we feel the position, as the only scale brewery in WA, will be beneficial as the eastern states have supply chain issues from the spread of COVID.

Given the uncertain environment and now stretched valuations, we have maintained our position in gold and used some of our excess cash to buy a derivative position over the ASX200, providing an element of downside protection.

At month end, the Trust had 70 positions and cash/derivatives of 5.0%.

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