



	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	6.3	23.7	17.1	25.2	26.8	27.1	135.7
S&P/ASX Small Ordinaries Accumulation Index	7.2	6.6	8.7	2.1	8.0	8.7	34.6
<b>Value Added</b>	<b>-0.9</b>	<b>17.1</b>	<b>8.4</b>	<b>23.1</b>	<b>18.8</b>	<b>18.4</b>	<b>101.1</b>

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

## Overview

The Trust was up 6.3% for the month underperforming the Small Cap Index (the Index) which was up 7.2%.

Reporting season was generally better than market expectations with investor interest pushing up retail, consumer finance, healthcare and industrials, while profit taking in the gold sector dragged the materials sector lower.

Irrational exuberance was notable in some stocks with Zip Money (+53.9%) and IDP Education (+50.9%) for example. Neither is held in the Trust but both are large in the Index and running well ahead of fundamentals.

Despite many strong performers, the Trust failed to keep pace with the Index – dragged down by our Pre-IPO positions which we carry at cost and our derivative positions which provide downside protection.

Previous laggards began to recover with MoneyMe (+57.4%), People Infrastructure (+42.5%) and Swick (+16.7%) performing well. A recent addition to the portfolio, Class Limited (+38.9%), takes the prize for the best presentation and articulation of future strategy.

We began to take profits in some recent strong performers given continued momentum (e.g. Redbubble +49.2%) and in other areas where valuations are becoming stretched.

## 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 \$262 million

### Distribution Frequency

Annual

### Minimum Initial Investment

\$25,000

### Trust Inception Date

February 2017

### Fees

1.20% p.a. + Performance fee

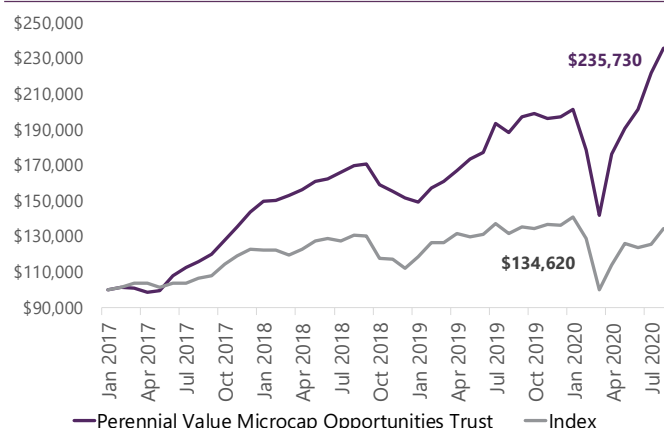
### APIR Code

WPC3982AU

## Top 5 Positions

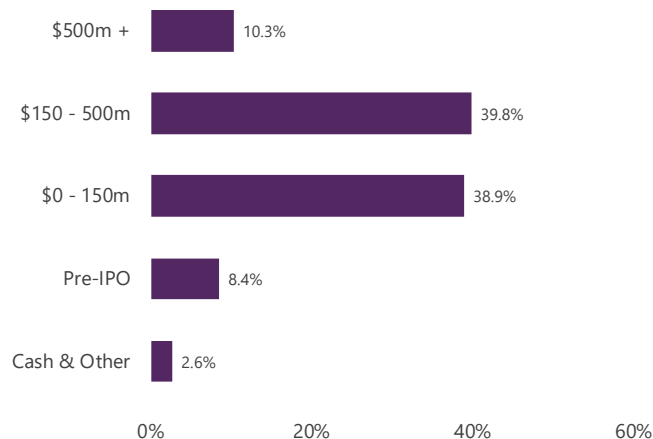
	Trust (%)	Index (%)
MARLEY SPOON AG	3.6	0.0
SWICK MINING SERVICES LTD	3.5	0.0
ALLIANCE AVIATION SERVICES L	3.4	0.0
HRL HOLDINGS LTD	2.9	0.0
ENVIROSUITE LTD	2.8	0.0

## Growth of \$100,000 Since Inception

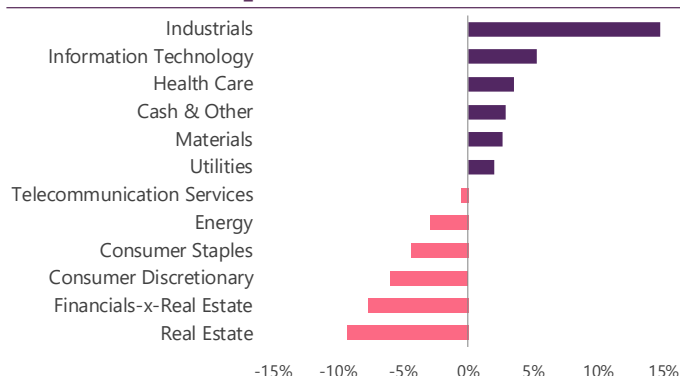


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Market Capitalisation Exposure



## Sector Active Exposure vs Index



## Trust Review

The August 2020 reporting season proved to be one of the most taxing (excuse the pun) in some time for our large team of analysts. Government stimulus inflated earnings for some, while accounting rule changes and volatile month on month trading made gauging true underlying earnings harder. However it was also an environment where stock pickers were generally rewarded for backing their conviction.

While results were generally ahead of expectations, there were some micro cap names where the improvement seemed to be ignored (e.g. **Pivotal Systems** -6.9% and **HRL Holdings** -4.5%).

Outside of these names the following stocks were able to attract investor interest

- **People Infrastructure** (+42.5%) beat guidance with strong trading in May and June as well as outlining \$80-90m of acquisition capacity
- **MoneyMe** (+57.4%) delivered a high quality result and further product innovations
- **DeMem** (+31.3%) providing an encouraging update and sales pipeline for its water treatment technology
- **Spirit Telecom** (+26.3%) continued its run of acquisitions and providing a solid underlying result
- **Fleetwood** (+22.0%) demonstrated an earnings turnaround and a growing cash pile
- **Envirosuite** (+17.2%) outlined ambitious revenue targets and added considerably to the calibre of their management team
- **Swick** (+16.7%) rallied after several new contract awards and the first commercial contract for its Oreplore mineral analysis division.

We were pleased with the successful IPO of **4DMedical** (up >100% on debut) during the month. In contrast our remaining Pre-IPO names were a drag in such a strong month (as they are carried at cost). Despite this we are very encouraged by the earnings momentum at both Koala.com and Aussie Broadband which are our two largest unlisted positions in the portfolio.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+7.2
Energy	-2.4
Materials	-1.4
Industrials	+7.8
Consumer Discretionary	+21.0
Consumer Staples	+5.5
Health Care	+5.3
Financials-x-Real Estate	+8.3
Real Estate	+6.9
Information Technology	+14.0
Telecommunication Services	+14.4
Utilities	-2.9

## Contact Us

📍 Level 27, 88 Phillip Street Sydney NSW 2000

☎ 1300 730 032

✉ invest@perennial.net.au

🌐 www.perennial.net.au

Signatory of:



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website [www.perennial.net.au](http://www.perennial.net.au).



### FY20 dashboard

Delivering strong topline growth as the Class business transforms



Source: Class Limited August 2020 Investor Presentation

A recent addition, **Class Limited** (+38.9%), takes the prize for the best presentation and articulation of future strategy with an impressive scoreboard as shown above.

The CEO leaving **Revasum** (down 36.9%) was taken negatively, with the market not waiting to see if the broader cost out strategy with boost returns.

**Metro Mining** (down 25.6%) fell after bringing forward the usual wet-season shutdown. This was a function of COVID related travel restrictions impacting the finalisation of additional offtake agreements.

Despite the generally positive results through reporting season, we remain cautious at the Index and economic level and hold some downside protection in the portfolio as a result.

At month end, the Trust had 68 positions and cash/derivatives of 2.6%.

## Invest Online Now



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