

	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
Value Added	-0.9	17.1	8.4	23.1	18.8	18.4	101.1

[^]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

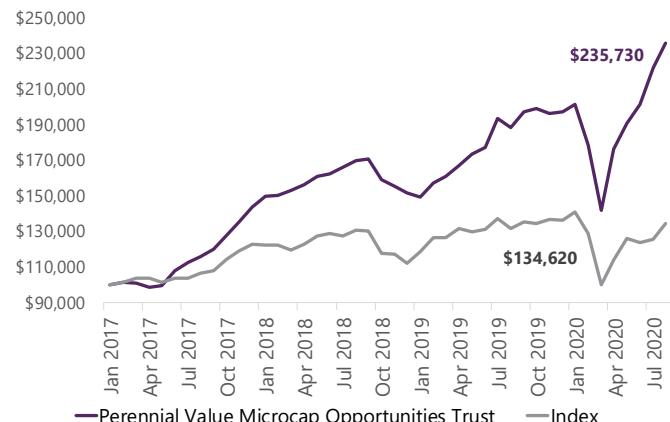
Fees
1.20% p.a. + Performance fee

APIR Code
WPC3982AU

Top 5 Positions

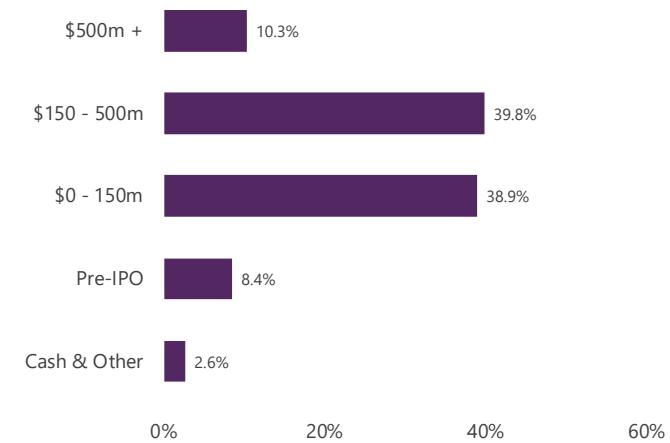
	Trust (%)	Index (%)
MARLEY SPOON AG	3.6	0.0
SWICK MINING SERVICES LTD	3.5	0.0
ALLIANCE AVIATION SERVICES L	3.4	0.0
HRL HOLDINGS LTD	2.9	0.0
ENVIROSUITE LTD	2.8	0.0

Growth of \$100,000 Since Inception

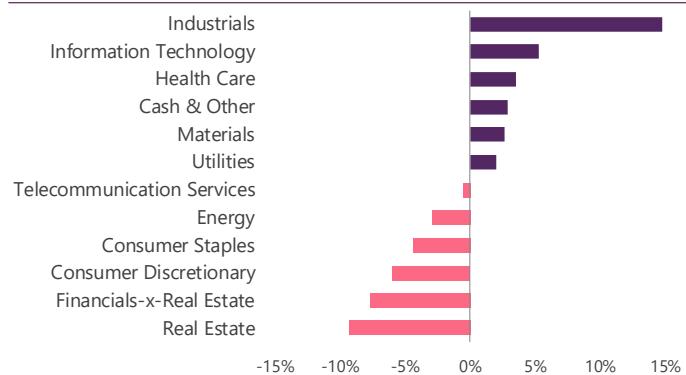


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

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 Orexplore 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

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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 will 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)

