



	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	1.8	6.4	17.2	18.3	22.6	25.7	135.8
S&P/ASX Small Ordinaries Accumulation Index	0.5	4.7	6.2	-2.4	4.6	7.6	31.4
Value Added	1.3	1.7	11.0	20.7	18.0	18.1	104.4

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

Overview

The Trust was up 1.8% for the month outperforming the Small Cap Index (the Index) which was up 0.5%.

October was a volatile month, initially starting off very strongly before a late selloff reflecting increased COVID cases in the US/Europe and uncertainty around the US election. By contrast, the situation is improving in Australia with Victoria emerging from lockdown against a backdrop of supportive fiscal and monetary policy. As a result, we continue to shift the portfolio to a largely domestic focus with only a few offshore exposed companies in defensive sectors (e.g. healthcare, food, technology).

Newsflow at the stock level was mixed with positive updates from marine supplier Veem, Maggie Beer and Primero. These were offset to some degree by a disappointing update from EcoFibre and weakness in several stocks despite positive newsflow (e.g. AT1, Pivotal and MX1).

The Trust remains positioned in stocks providing a mix of strong earnings growth but with an average valuation at a discount to the market. The portfolio average PE ratio of 12.0x remains at a sizeable discount to the Index which is 17.0x for FY22.

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 \$279 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% p.a. + Performance fee

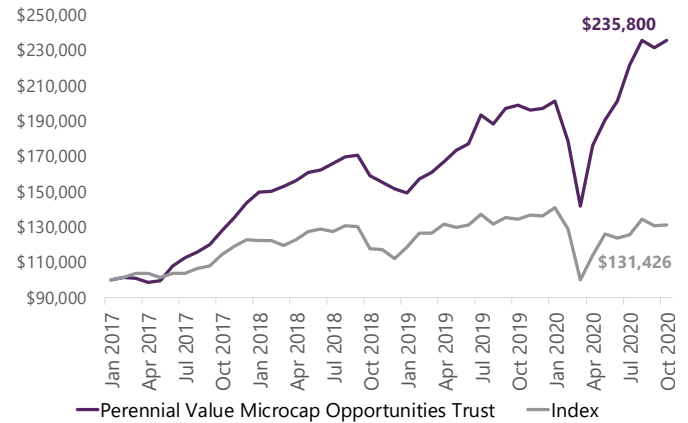
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Top 5 Positions

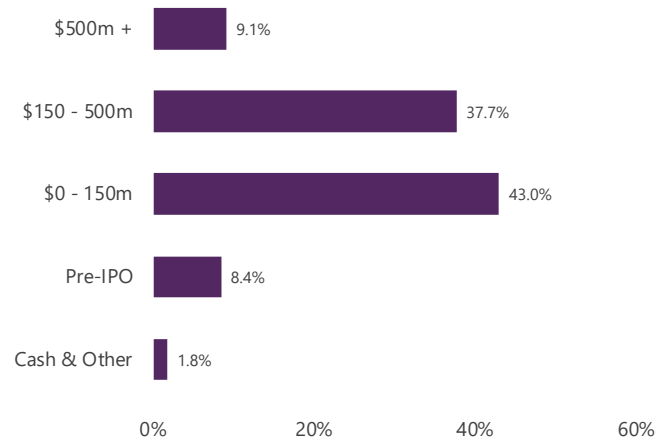
	Trust (%)	Index (%)
SCIDEV LTD	3.2	0.0
SWICK MINING SERVICES LTD	3.0	0.0
MARLEY SPOON AG	2.9	0.0
ALLIANCE AVIATION SERVICES L	2.9	0.0
GENETIC SIGNATURES LTD	2.8	0.0

Growth of \$100,000 Since Inception

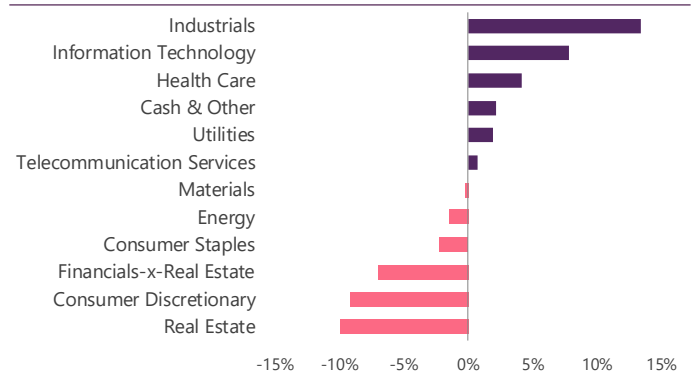


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Positive updates during the month included:

- **Limeade** (+32.7%) maintained revenue guidance set at the time of the IPO but lifted EBITDA guidance from a \$5.5-6.5m loss to \$0-\$2.0m reflecting lower costs
- **Primero** (+27.3%) announced contract awards totalling \$55m, including a three year master services agreement with Rio Tinto. We believe such an agreement with a tier 1 client is indicative of Primero's maturing as a company
- **Veem** (+21.1%) signed a gyro supply agreement with Damen, Europe's largest shipbuilder. Damen is considered a market leader and is a repeat customer of Veem's gyro stabilisation modules
- **SciDev** (+11.3%) announced sales of \$9.4m (+127% vs pcp) and an improvement in gross margins from 17% in FY20 to 25%. The most pleasing aspect of the update was the balance exposure by sectors now with roughly 1/3 from Mining/Oil&Gas/Infrastructure

The only genuine negative update was from **Ecofibre** (down 35.2%) provided a disappointing update with continued weakness in the US pharmacy channel.

There were several positive updates that were ignored by the market providing an opportunity to add to our position at attractive prices:

- **Atomo Diagnostics** (down 10.7%) cash receipts were up 65% for the quarter and they reached a cashflow positive position 18mths ahead of schedule at the IPO
- **Pivotal Systems** (down 21.5%) continued to build from the Q2 recovery with cash received up 11% with an improving backdrop for the global semi-conductor market
- **Micro-X** (down 21.3%) achieved cash receipts of \$1.9m and announced the first sale of the new Rover unit for \$1.4m. The market was perhaps concerned with the falling order book for the nano units – this is despite the capital raise and subsequent capacity expansion specifically aimed at reducing the backlog and enabling a quicker turnaround
- **Down Under Geoscience** (down 12.5%) despite securing a contract with tier 1 client INPEX.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+0.5
Energy	-3.4
Materials	+1.5
Industrials	+2.0
Consumer Discretionary	+3.9
Consumer Staples	+2.3
Health Care	-3.5
Financials-x-Real Estate	+6.9
Real Estate	+0.3
Information Technology	+4.9
Telecommunication Services	+6.8
Utilities	-2.4

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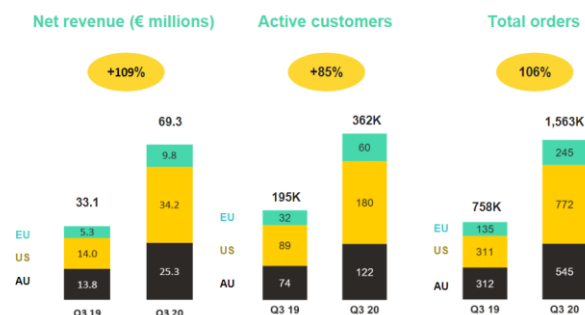


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Marley Spoon (down 9.7%) undertook an opportunistic capital raising which unfortunately overshadowed a strong quarterly update. Revenue guidance was increased to the upper end of the 90-100% growth range after delivering >100% growth in Q3 and an impressive 163% growth in the US. However a poorly timed capital raise, at the same time as the quarterly, absorbed all the buying demand and in the confusion, the stock traded down. While we are pleased the balance sheet is even more solid with an extra A\$56m raised at \$3.22, we did not participate in the raising, instead buying on market <\$2.60 on the subsequent weakness.

>80% growth in all segments vs. PCP

MARLEY SPOON



Strong performance across all topline metrics in Q3 2020

Source: MMM ASX release 22 October 2020

We continued to rotate the portfolio, exiting **Redbubble** on valuation grounds early in the month and adding to our position in **Alliance Aviation** (down 6.3%).

In the case of the latter the market seems to be ignoring several positive developments – namely the expanded and extended contract with BHP at Olympic Dam and a proposal in front of the ACCC to cooperate with the new owners of Virgin on 40 regional and 2 international routes.

At month end, the Trust had 67 positions and cash/derivatives of 1.8%.

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