



	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	9.8	9.9	28.7	31.8	24.1	28.2	159.0
S&P/ASX Small Ordinaries Accumulation Index	10.3	7.7	17.1	6.0	6.7	10.2	44.9
Value Added	-0.5	2.2	11.6	25.8	17.4	18.0	114.1

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

Overview

Markets were very strong in November with the Index up 10.3% and the Trust up 9.8% after fees. The strong bounce was fuelled by encouraging progress for three leading COVID vaccines and a more balanced political landscape in the US post the election. There was a significant shift towards cyclical stocks and deeply out of favour sectors – for Australian small caps that means shopping centre REITs, Travel, Lithium and Aged Care - while the more defensive sectors of Healthcare and Gold sold off.

Going into November, the Trust had a bar-bell strategy – part of the portfolio was in cyclicals and part of the portfolio in defensives like Gold and Healthcare. We quickly began to rebalance more towards cyclicals adding some oil services and retailer mainly in shopping centres. We had minimal holdings in the most out of favour sectors but did have a solid presence in mining services which performed well. Our preference remains domestic cyclicals and we remain under weight travel names given the uncertain timing of international borders reopening.

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 12.2x remains at a sizeable discount to the Index which is 18.5x 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 \$325 million

Distribution Frequency
Annual

Minimum Initial Investment
\$25,000

Trust Inception Date
February 2017

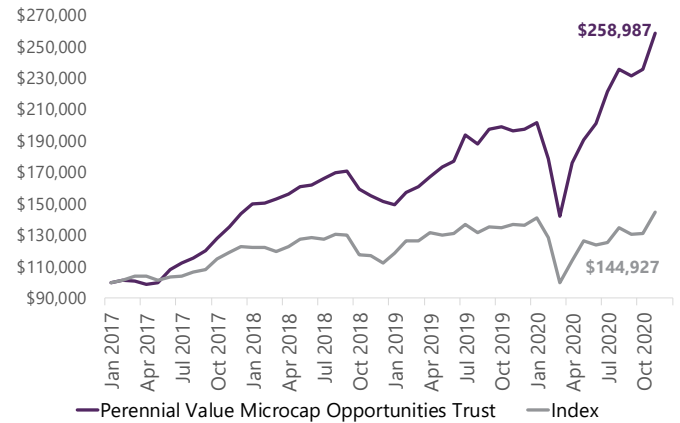
Fees
1.20% p.a. + Performance fee

APIR Code
WPC3982AU

Top 5 Positions

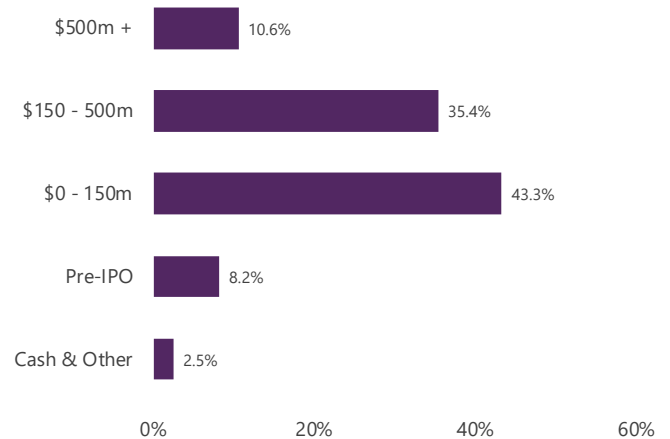
	Trust (%)	Index (%)
SCIDEV LTD	3.2	0.0
PRIMERO GROUP LTD	3.0	0.0
MICRO-X LTD	2.7	0.0
ALLIANCE AVIATION SERVICES L	2.6	0.0
ENVIROSUITE LTD	2.6	0.0

Growth of \$100,000 Since Inception

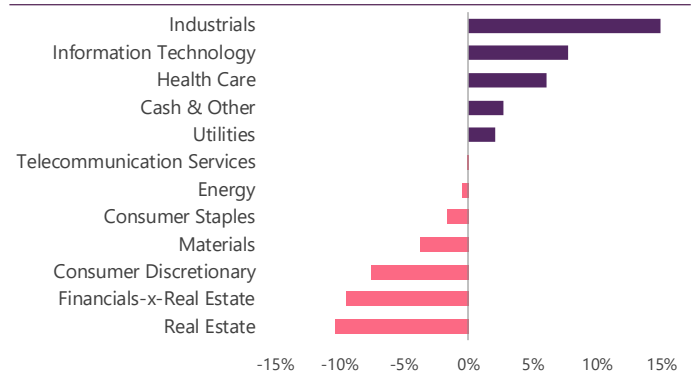


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Reader's will be aware that we have long held a position in **Primero** (+29.8%) which had begun to recover from very depressed levels as they continued to win new contracts despite the lack of clarity in their legal dispute with Wartsila. Given this backdrop we were pleased with the certainty provided by the part cash and part scrip bid from **NRW Holdings** (which we hold in our Small Cap fund).

Other companies with exposure to the mining and construction sector also performed well, such as **Emeco** (+36.8%) while **Southern Cross** (+20.5%) announced the highly accretive acquisition of Trivantage and a contract win with Rio Tinto.

However, the largest impact on performance came from **Micro-X** (+81.1%), with the award of a total of US\$3.7m in funding from the US Department of Homeland Security to further develop baggage scanning technology and a self-service check in portal. This new vertical adds to the already impressive growth potential in hospital and military mobile X-ray. As portrayed in the attached AGM update, Micro-X has made considerable progress in 2020.

Positive AGM sales updates lifted the share price of **Maggie Beer** (up 31.3%), **Good Drinks Australia** (formerly Gage Roads; +29.1%) and **EnviroSuite** (+27.8%).

Signs of life in the depressed semi-conductor market lifted **Pivotal Systems** (+26.2%) and **Revasum** (+93.3%).

A softer gold price was a drag during the month on **Ora Banda** (down 6.5%) and **Aurelia** (down 8.1%). Pleasingly, a site visit to Ora Banda confirmed first production is on schedule for January. Aurelia, announced the acquisition of the Dargues gold mine in NSW, with the associated raising weighing on the share price, despite the material benefits of scale that will accrue over time.

Key Achievements for FY2020

MICRO-X

Micro-X is now in the commercialisation phase of its globally unique x-ray technology with increased product sales and expanded production capacity



Source: Micro-X AGM Presentation 18 November 2020

We still expect solid earnings and cashflow from **Marley Spoon** (down 18.7%) and **Genetic Signatures** (down 6.1%), however we have not added to our positions in the selloff as sentiment could remain against them for some time given both benefited from COVID.

We removed downside protection in the portfolio just before the US election, however post the very strong market performance, we reintroduced a modest amount of downside protection again at month end.

The Trust finished with 67 positions and cash of 2.5%.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+10.3
Energy	+30.0
Materials	+11.2
Industrials	+12.6
Consumer Discretionary	+9.9
Consumer Staples	+6.0
Health Care	+10.3
Financials-x-Real Estate	+16.5
Real Estate	+7.6
Information Technology	-1.6
Telecommunication Services	+10.6
Utilities	+5.3

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Signatory of:



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