

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	2.8	-1.1	32.7	51.4	19.5	26.0	167.1
S&P/ASX Small Ordinaries Accumulation Index	5.0	7.4	28.9	39.8	9.1	11.6	59.6
Value Added	-2.2	-8.5	3.8	11.6	10.4	14.4	107.5

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

Overview

The Small Cap Index was up strongly again in April, climbing by 5.0% with the Trust also up 2.8%, net of all fees. Unlike previous months, both growth and value performed well at the Index level with dovish central bank commentary and strong economic data (a rare combination).

Earnings commentary and domestic economic signals were positive with the feared 'fiscal cliff' from the end of JobKeeper yet to materialize. We continue to be positive on the domestic economic recovery and continue to add to cyclical names – albeit with an increasing aversion to business models which are set up poorly should inflation begin to pick up (a growing medium-term risk).

Our health care exposures were the main drag on performance relative to the benchmark with Genetic Signatures down 11.5% and Atomo Diagnostics down 10.4%. In both cases, we made our investments pre-COVID and while we acknowledge the short-term COVID benefit is now fading, those extra cashflows are now on the balance sheet to fund the organic growth initiatives that previously attracted us to both names.

The portfolio-average PE ratio of 9.8x remains at a sizeable discount to the Index which is 17.8x for FY23.

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 \$327 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% p.a. + Performance fee

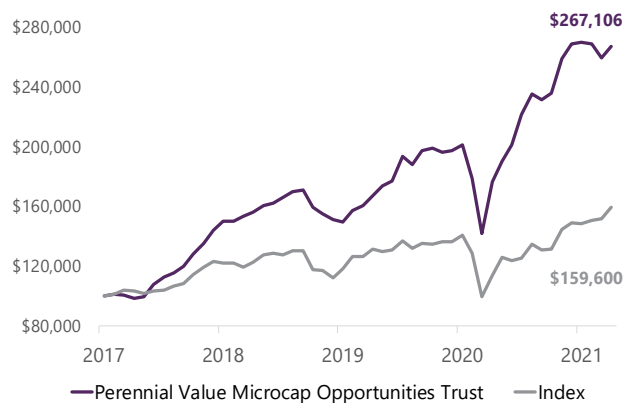
APIR Code

WPC3982AU

Top 5 Positions

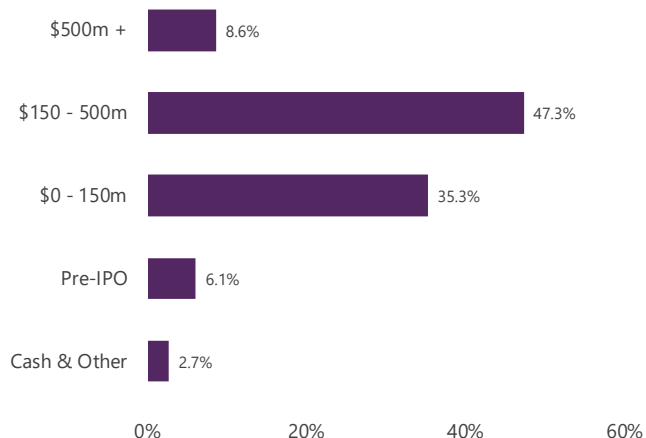
	Trust (%)	Index (%)
BETMAKERS TECHNOLOGY GROUP L	3.9	0.0
SCIDEV LTD	3.8	0.0
SUPERLOOP LTD	3.5	0.0
GOOD DRINKS AUSTRALIA LTD	3.4	0.0
MICRO- X LTD	3.3	0.0

Growth of \$100,000 Since Inception

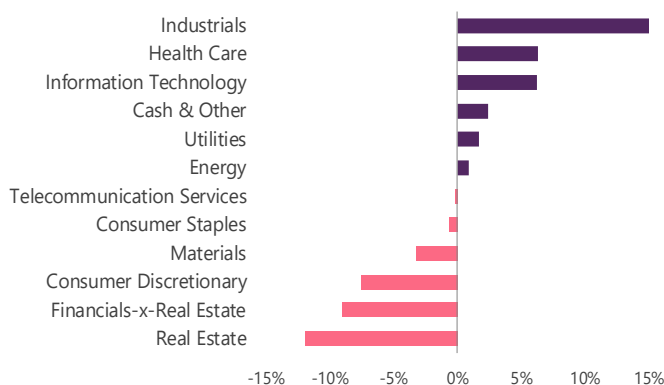


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

The largest moves in the month were seen in the Resources space:

- **New World Resources** (+46.7%) continued to report impressive intercepts at its Antler copper project during the month. The continuous stream of positive drilling results is increasing the market's conviction in Antler's evolution into a viable stand-alone copper producer.
- **Jindalee Resources** (+21.2% from entry price) released an updated resource for its McDermitt deposit in the US. The larger-than-expected resource makes McDermitt the largest lithium deposit in the United States - the limits of which are yet to be defined.
- **Ora Banda** (down 8.2%) reported its maiden quarter of production, with some teething issues related to staffing levels during ramp up. Subsequent discussions suggest these problems have been largely resolved.
- **Galena Mining** (down 13.8%) fell after it reported a reduced resource for its Abra lead project. We would note the indicated portion of that resource, which is where the reserve will be derived from, remained the same after including the tighter-spaced drilling. Thus, the read through for our mining economics remained in line with prior expectations.

Calix (+24.1%) provided a shareholder update detailing several customer success stories leveraging the core kiln technology. The update shone a light on the Sustainable Processing division with two energy storage projects in Europe.

People Infrastructure (+20.9%) reacted to strong employment figures and job ad data.

Pivotal Systems (+18.1%) announced a strong Q12021 result, with the improvement in gross margins the most pleasing aspect. Guidance was also given for CY2021, with 35-45% revenue growth forecast as the semiconductor industry continues to recover.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+5.0
Energy	-7.2
Materials	+10.6
Industrials	+9.7
Consumer Discretionary	+1.7
Consumer Staples	-1.1
Health Care	+3.1
Financials-x-Real Estate	+4.6
Real Estate	+4.2
Information Technology	+10.2
Telecommunication Services	+7.1
Utilities	+0.9

Lark Distilling (+35.7% from our entry price) is a new position that we have been monitoring for some time, with a discounted line providing an attractive entry point. Lark is a premium Tasmanian Whiskey which has been improving margins substantially under new management, as shown below. If market prices are applied to the current inventory levels, then there is strong asset backing to the share price despite the strong run.

	Q3 FY21	Q3 FY20	YoY Growth
Gross Sales	\$3,991,091	\$1,450,041	175%
Net Sales	\$3,151,654	\$1,216,913	159%
Gross Profit	\$2,281,198	\$735,901	210%
GP % to Gross Sales	57.2%	50.8%	6.4ppts
GP % to Net Sales	72.4%	60.5%	11.9ppts

Source: Lark Quarterly Update 21 April 2021

BetMakers Technology Group (+26.4%) continued to attract investor interest given the large addressable market, particularly in US gaming.

Our health care exposures were the main drag on performance relative to the benchmark, with **Genetic Signatures** (down 11.5%) and **Atomo Diagnostics** (down 10.4%) drifting lower over the month. In both cases we made our investments pre-COVID, and while we acknowledge the short-term COVID benefit is now fading, those extra cashflows are now on the balance sheet to fund the organic growth initiatives that previously attracted us to both names.

At month end, the Trust finished with 65 positions and cash of 2.7%.

Invest Online Now



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

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