

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	-0.6	1.8	31.4	31.4	17.7	24.7	164.5
S&P/ASX Small Ordinaries Accumulation Index	3.1	8.5	33.2	33.2	8.6	12.0	64.9
Value Added	-3.7	-6.7	-1.8	-1.8	9.1	12.7	99.6

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

Overview

For the month of June, the Small Cap Index rose 3.1% while the Trust was down 0.6%. We continued to see liquidity withdrawn from the Microcap space which was exacerbated this month by tax loss selling. Pleasingly, this has already begun to turn around in early July and we look forward to company earnings announcements over the next two months which should demonstrate the strong fundamentals of our investments.

Numbers for the financial year were strong in absolute terms with the Trust up 31.4% (net of fees) just behind the Index which was up 33.2%.

In terms of portfolio positioning, we think it is unlikely that the drivers of last year's returns will be the source of performance in the coming years, and therefore we have locked in profits in many names. This has created a large realised gain which will be paid out to unit holders via a year end distribution of 25.9 cents per unit. This, and the interim distribution of 6.9c, should be factored into the unit price when assessing the total return for the year.

To drive future returns, we have rotated the portfolio to laggards offering compelling value such as Superloop, Pivotal Systems, MedAdvisor and Emeco. The portfolio-average PE ratio of 10.9x 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 \$317 million

Distribution Frequency
Annual

Minimum Initial Investment
\$25,000

Trust Inception Date
February 2017

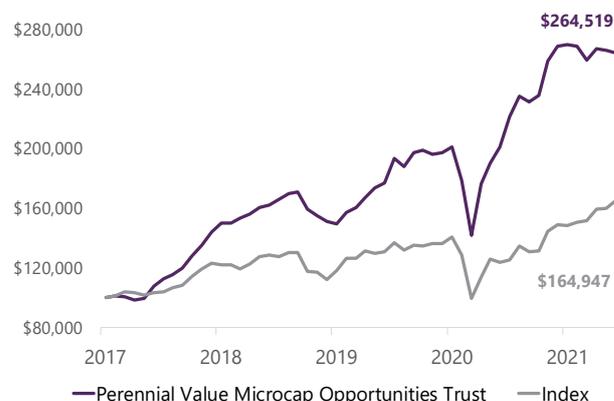
Fees
1.20% p.a. + Performance fee

APIR Code
WPC3982AU

Top 5 Positions

	Trust (%)	Index (%)
SUPERLOOP LTD	3.9	0.0
SCIDEV LTD	3.8	0.0
MICRO-X LTD	3.4	0.0
ALLIANCE AVIATION SERVICES L	3.4	0.0
GOOD DRINKS AUSTRALIA LTD	3.2	0.0

Growth of \$100,000 Since Inception

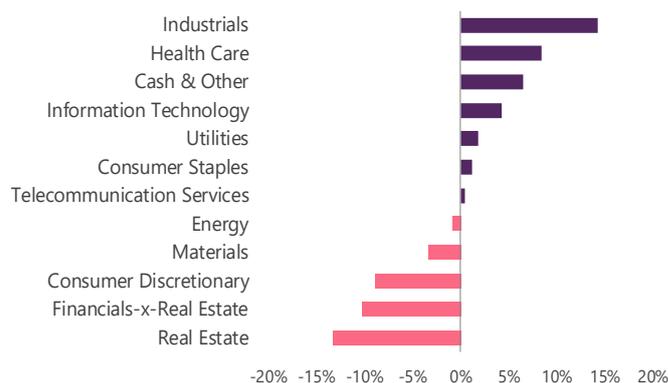


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure

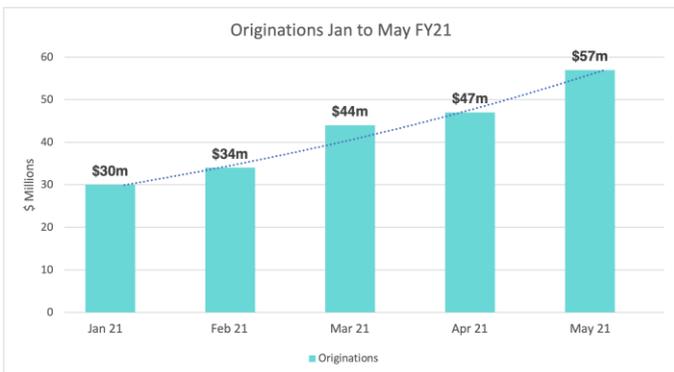


Sector Active Exposure vs Index



Trust Review

We have been invested in **MoneyMe** (+52.4% in the month) since the IPO in late 2019. We have been impressed since listing with the speed of product innovation which speaks volumes for the strong technology within the business. Pleasingly this has started to translate into higher volumes with new features for existing customers and the entry into large new verticals such as auto and real estate finance.



Source: MoneyMe ASX Update 15 June 2021

Some cyclicals which were previously left behind in the value rally began to perform:

- **Emeco** (+17.2%) bounced after refinancing all group debt to a lower interest rate, as well as pushing out debt maturity. The company also reconfirmed FY21 guidance, focusing investor attention on cheap earnings multiples.
- **Mermaid Marine** (+26.9%) announced a number of contract awards servicing offshore wind, as well as the oil and gas sector. Further, the company announced the sale of 3 vessels in line with book value, which currently stands at \$0.78 per share vs the \$0.425 closing price at month end.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+3.1
Energy	+3.8
Materials	-0.6
Industrials	+1.9
Consumer Discretionary	+1.9
Consumer Staples	+4.9
Health Care	+5.5
Financials	+3.4
Real Estate	+5.1
Information Technology	+7.8
Telecommunication Services	+1.8
Utilities	+4.6

Swick (+13.9%) gave a strong update for its drilling business and committed to the divestment of Orexplore, which has been weighing on group earnings.

High precision compute service provider, **DUG Technology** (+14.1%), rallied on the back of a raft of broker presentations and upbeat research reports.

Ora Banda (down 28.6%) traded down on a weaker gold price (-7.0%) and market indigestion from the recent capital raise. This was despite the release of some materially positive drill results from the Iguana deposit during the month, offering a line of sight to mine life extension. The sector weakness also provided an attractive entry point into **Dacian Gold** which was down 11.9% having raised capital the previous month.

Tax loss selling in June had a significant impact on some Microcap share prices and we used this weakness to add to the following names given the improving fundamentals:

- **Superloop** was down 6.6% despite what looks like the very accretive acquisition of Exetel during the month
- **MedAdvisor** was down 9.1% despite a sales update in the recently acquired US business, which was up 40% on a like-for-like basis
- **Doctor Care Anywhere** was down 20.4% despite continuing to expand its service offer
- **EnviroSuite** was down 18.2% despite heavy director buying during the month

We also used the intra-month weakness to re-enter **Ecofibre** and **Laybuy Group** at their lows.

At month end, the Trust finished with 57 positions and cash of 7.0%.

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

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