

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (% p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	1.5	0.5	1.5	21.1	17.4	24.6	168.5
S&P/ASX Small Ordinaries Accumulation Index	0.7	4.1	0.7	32.3	9.2	11.9	66.1
Value Added	0.8	-3.6	0.8	-11.2	8.2	12.7	102.4

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

Overview

The Trust was up 1.5% for the month of July, ahead of the Small Cap Index which was up 0.7%.

During the June quarter, we had been adding to names that had been significantly impacted by the June tax loss selling. Many of these names began to rebound in July, including Revasum (up 53.8%) and Envirosuite (up 44.4%).

We have been positioning the portfolio towards mining services so it was pleasing to see some of these names perform well with Austin Engineering up 17.9% for the month, SRG Global up 15.8% and Emeco up 13.3%.

Quarterly reporting of cashflow means reporting season often starts early for microcaps with positive updates during July from 4D Medical which was up 25.7%, MedAdvisor, up 16.7%, and Frontier Digital, up 12.3%.

Reporting season is shaping up to be very eventful with Mergers and Acquisitions activity also likely to pick up.

The portfolio-average PE ratio of 10.7x remains at a sizeable discount to the Index which is 17.7x 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 \$297 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

1.20% p.a. + Performance fee

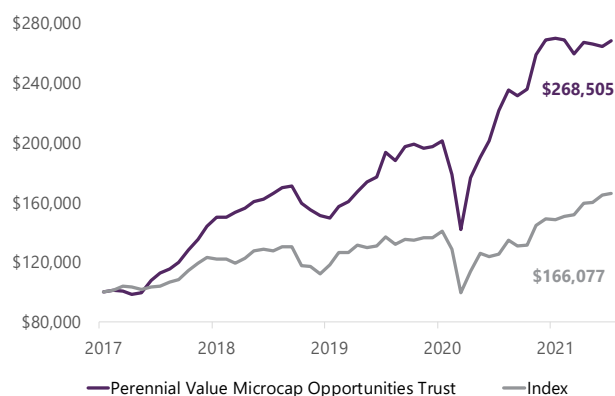
APIR Code

WPC3982AU

Top 5 Positions

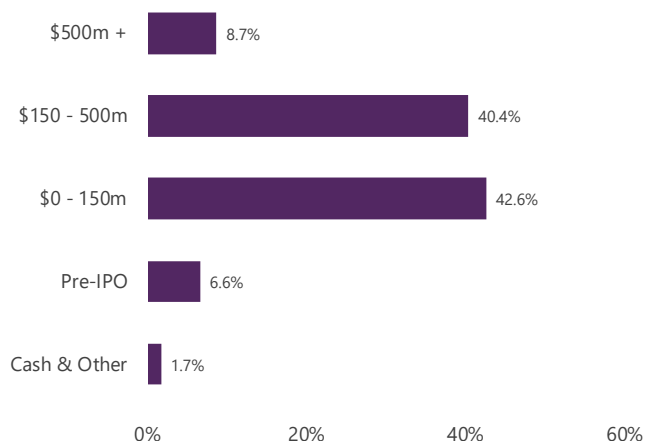
	Trust (%)	Index (%)
SCIDEV LTD	4.1	0.0
SUPERLOOP LTD	3.6	0.0
GOOD DRINKS AUSTRALIA LTD	3.5	0.0
VEEM LTD	3.4	0.0
ALLIANCE AVIATION SERVICES L	3.2	0.0

Growth of \$100,000 Since Inception

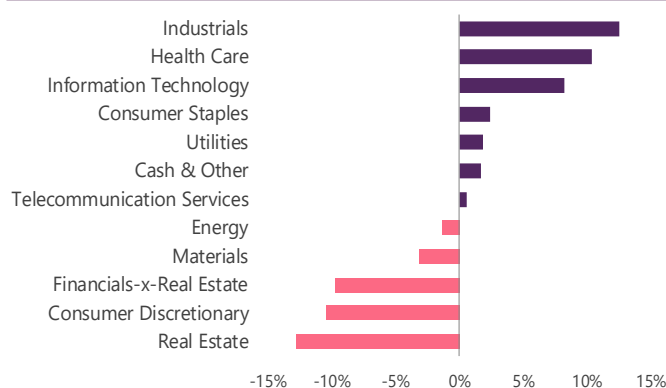


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

We have been positioning the portfolio towards mining services names for some time, with a focus on businesses we viewed as beneficiaries of strong commodity prices, but also resilient to wage pressure, which is impacting others. It was pleasing to see positive news flow in many such names during the month:

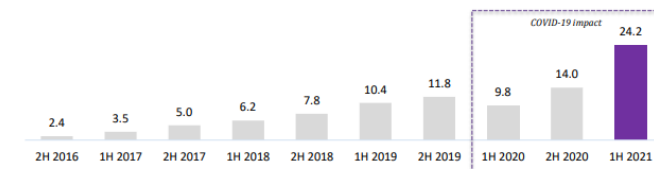
- **Austin Engineering** (+17.9%) attracted investor interest by selecting a CEO that is well known to the market and has a strong incentive to perform with aggressive share-based incentives;
- **SRG Global** (+15.8%) bounced after a positive earnings update, including hitting the top end of the range for FY21 and guiding to a 15% YoY increase in EBITDA in FY22, ahead of market expectations;
- **Emeco** (+13.3%) rallied strongly after refinancing all of its debt at a 32.4% discount to its prior interest rate;
- **Swick** (+7.0%) guided to a FY21 profit before tax of \$8.0m and a materially increased dividend, both ahead of market expectations

Encouraging quarterly updates drove share prices for:

- **Lark Distilling** (+42.1%) reported a lift in whisky pricing providing strong asset backing for the share price;
- **4D Medical** (+25.7%) outlined good progress with clinical pilot programs in the US – it now appears that meaningful revenue can be expected this half;
- **MedAdvisor** (+16.7%) delivered a strong quarter in both Australia and the US, with revenue up 26.4% on a like for like basis. Full calendar year guidance for revenue and margins was maintained with 100% of the US revenue budget already contracted.

Some of the names impacted by June tax loss selling began to recover with **Limeade** and **Viva Leisure** both up over 6%.

Figure 1: Half-year portfolio revenue since IPO¹ (A\$m, unaudited; FDV % share basis)



Notes:
1. Results figures quoted for entities with continuing operations as at 30 June 2021

Source: Frontier Digital Ventures July 2021 Update

Frontier Digital Ventures (+12.3%) provided an impressive quarterly update with a 148% increase in revenue share from their digital classified investments.

FirstWave Could Technology (down 10.6%) showed continued international growth but weaker domestic revenue. We are supportive of the search for a new CEO and the strategy to align resources to regions and products which have the most traction. With a large amount of cash on the balance sheet there is ample time for a turnaround in earnings.

Weaker resource names during the month included **Ora Banda** and **New World Resources**, as well as **Mermaid Marine** in the oil services space.

The Trust finished with 60 positions and cash/derivatives of 1.7%.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+0.7
Energy	+3.1
Materials	+10.0
Industrials	-1.5
Consumer Discretionary	-0.6
Consumer Staples	-1.2
Health Care	-4.4
Financials	-2.1
Real Estate	+1.7
Information Technology	-0.9
Telecommunication Services	+1.7
Utilities	+23.7

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

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