

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	10.6	11.7	12.3	26.0	20.5	26.8	197.1
S&P/ASX Small Ordinaries Accumulation Index	5.0	8.9	5.7	29.5	10.1	12.9	74.3
Value Added	5.6	2.8	6.6	-3.5	10.4	13.9	122.8

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

Overview

The Trust was up 10.6% for the month of August, ahead of the Small Cap Index which was up 5.0%.

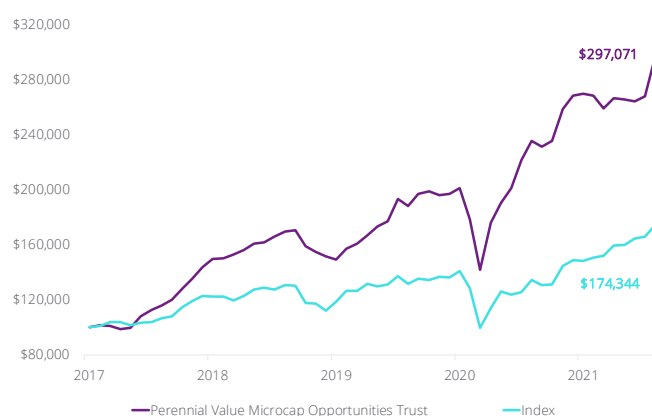
The Trust and the Index were driven higher by continued enthusiasm for Lithium and other battery mineral stocks – for example Pilbara Minerals (a large Index constituent not held) was up 26.0%. Pleasingly, our microcap exposures Jindalee Resources (+55.1%) and FYI Resources (+53.6%) made a strong contribution to the Trust.

The Trust also benefited from the successful IPO of Spire on the New York Stock Exchange, triggering the conversion of the pre-IPO note that we first purchased in 2019, when an ASX listing was the most likely outcome. The performance of Spire is an encouraging reminder of the value we see in our long-dated pre-IPO positions such as Koala.com, which was also purchased in 2019 and is still carried at cost.

Industrial reporting season in August was largely positive and we used the liquidity to add some new names to the portfolio, while we exited other names with stretched valuations.

The portfolio-average PE ratio of 11.8x remains at a sizeable discount to the index which is 18.7x for FY23.

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.

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

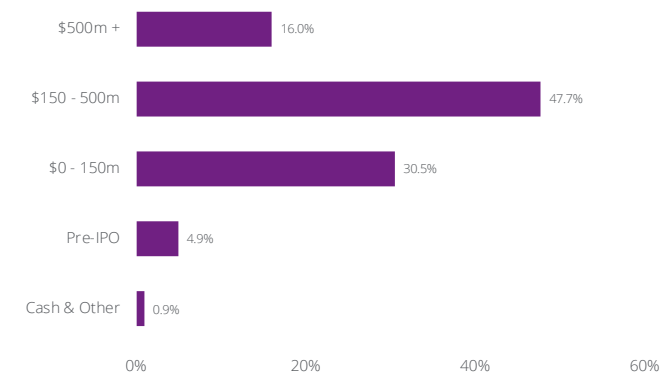
1.20% p.a. + Performance fee

APIR Code

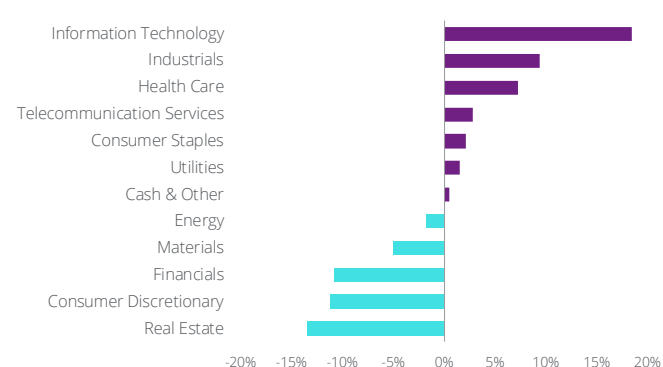
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Top 5 Positions	Trust (%)	Index (%)
SPIRE GLOBAL INC	6.6	0.0
SUPERLOOP LTD	4.2	0.0
SCIDEV LTD	3.8	0.0
GOOD DRINKS AUSTRALIA LTD	3.3	0.0
VEEM LTD	3.0	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

August was a very busy month for the team with reporting season and heightened trading activity.

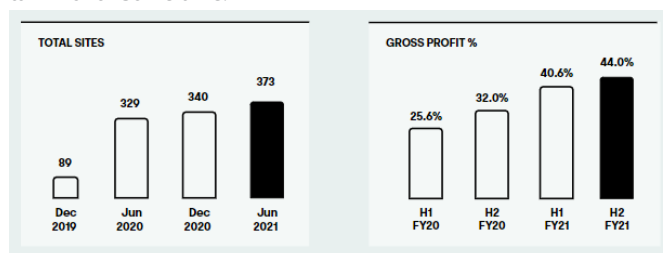
We made some changes to the portfolio, taking advantage of the strong share prices of **Calix** and **Monash IVF** to exit these positions. We used the proceeds to add significantly to **EcoFibre** which seems to be in the early stages of a recovery, helped by the opening up of the US economy).

We also bought into **Family Zone Cyber Safety (FZO)** via a placement at 55c (compared to month end price of 75.5c) to fund the acquisition of Smoothwall which adds significant scale in the US and UK. We have been monitoring Family Zone for several years and see this acquisition as a significant step forward for the company in offshore markets where they are already having some success.

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

- **Jindalee Resources** (+55.1%) continued its march higher in line with lithium prices. We expect news on the McDermitt lithium deposit scoping study in the near term
- **FYI Resources** (+53.6%) rallied after an update on negotiations with JV partner, Alcoa, regarding joint development of FYI's HPA project. A binding agreement on financing and offtake appears to be close at hand.
- **New World Resources** (down 12.5%) drifted lower on no news and marginally weaker copper price (-1.8%)
- **Ora Banda Mining** (down 25.9%) traded lower after a soft quarterly result released in late July. The company is slowly overcoming teething issues at its Dayhurst gold operation, and in early September announced an asset sale which will remove balance sheet pressure once completed.

EnviroSuite (+23.1%) provided an encouraging update, delivering improving margins as well as a more targeted sales strategy under new management. The business looks particularly well placed to lift sales leads as economies open up post COVID, particularly in the US where the Biden administration Infrastructure bill is likely to be a tailwind for some time.



Source: EnviroSuite Result Presentation 18 August 2021

BetMakers Technology Group (+21.7%) provided an encouraging update during the month, with July annualised revenue of \$70m – this is before adding any benefit from the fixed odds approval in New Jersey.

Southern Cross Electrical (+21.6%) beat expectations with its financial result, including increased margins and a 33% increase in final dividend.

DUG Technology (down 14.4%) remains a misunderstood company, which is not helped by some confusing disclosures relating to accounting changes, which benefits FY20 but negatively impacted FY21. Sifting through the details paints a significantly better picture, with the company's recent contract wins in high precision compute an encouraging sign after COVID-induced delays over the last 12 months. The company pointed to increased client signings as the basis for confidence in a stronger FY22.

At month end, the Trust finished with 60 positions and cash of 0.9%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	+5.0
Energy	-0.7
Materials	-2.9
Industrials	+4.7
Consumer Discretionary	+4.3
Consumer Staples	+6.9
Health Care	+1.6
Financials	+9.4
Real Estate	+6.6
Information Technology	-0.2
Telecommunication Services	+10.6
Utilities	+4.4



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

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