

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	-1.1	8.6	10.3	23.7	22.3	25.3	191.7
S&P/ASX Small Ordinaries Accumulation Index	0.9	3.7	4.4	31.0	13.5	12.1	72.2
<b>Value Added</b>	<b>-2.0</b>	<b>4.9</b>	<b>5.9</b>	<b>-7.3</b>	<b>8.8</b>	<b>13.2</b>	<b>119.5</b>

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

### Overview

The Trust was down 1.1% compared to the Index which was up 0.9%.

The bulk of the portfolio performed strongly, however this was more than offset by the sharp drop in Spire (down 54.7% in USD) as more of the IPO stock became tradeable on the NYSE at a time of limited newsflow. The first quarterly update is due in November which should focus investors back on the fundamentals.

On the positive side there was a takeover offer for Class Limited (up 69.8%) and a well priced asset sale for Superloop (up 32.3%). In addition, Revasum (up 60.0%) recovered strongly with evidence of a turnaround in earnings and cashflow under new management.

AGM season starting in October was largely positive, albeit we are conscious that good news travels fast, so a full read of the earnings health of the market is unlikely until AGMs finish in November.

The portfolio-average PE ratio of 15.2x remains at a sizeable discount to the index which is 19.1x 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 \$311 million

#### Distribution Frequency

Annual

#### Minimum Initial Investment

\$25,000

#### Trust Inception Date

February 2017

#### Fees

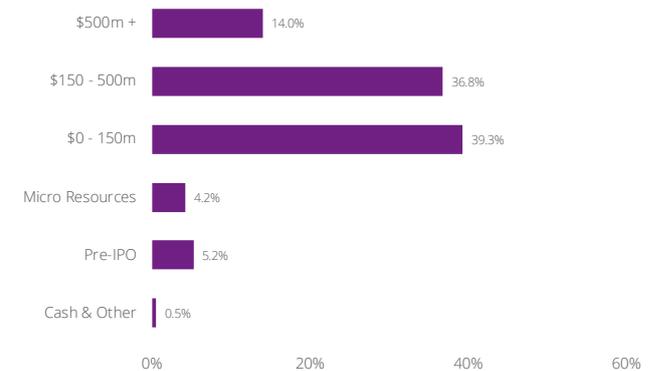
1.20% p.a. + Performance fee

#### APIR Code

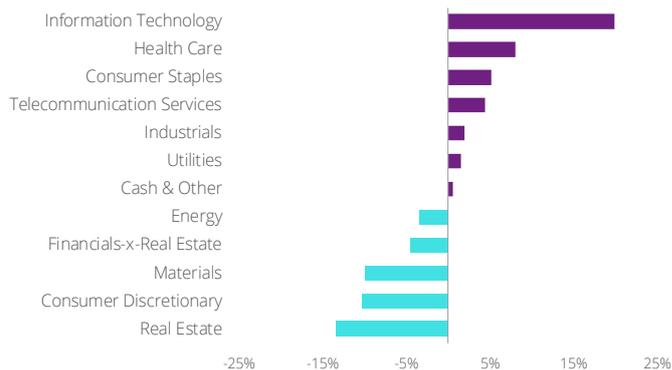
WPC3982AU

Top 5 Positions	Trust (%)	Index (%)
SUPERLOOP LTD	4.9	0.0
SPIRE GLOBAL	4.1	0.0
LARK DISTILLING CO LTD	3.8	0.0
ENVIROSUITE LTD	3.8	0.0
GOOD DRINKS AUSTRALIA LTD	3.7	0.0

### Market Capitalisation Exposure



### Sector Active Exposure vs Index



## Trust Review

We have followed **Class Limited** since the change in CEO and subsequent change in strategy which centred on reinvesting in the Technology stack and developing new products for growth.

Execution on this strategy combined with value enhancing acquisitions increased our confidence to build our position over time and become a substantial shareholder.

HUB24's takeover offer valued Class at \$3.11 with the shares finishing the month at \$2.92 (+69.8% for October). While we do not hold HUB, we think this has the potential to be very value enhancing beyond the conservatively claimed 8% EPS accretion via several cross-sell and complimentary opportunities.

**Superloop** traded higher (+32.3%) following the sale of its Hong Kong and domestic Singaporean fibre assets at prices better than expected by the market.

The annual general meeting update was also positive, with Superloop's Australian businesses showing good momentum during the first quarter of the financial year.

**Revasum** (+60.0%) announced strong quarterly results clearly showing evidence of a turnaround under new management at a time when semi-conductor capex is growing sharply (in response to chip shortages) and their products are therefore in high demand.

**Swick Mining Services** (+17.5%) received a takeover offer from fellow Australian-based driller, DDH1. We view the deal as very much a win-win for both parties, with SWK holders able to maintain exposure to a larger more liquid business, enjoying bull market conditions.

There were several strong AGM updates during the month:

- **Enero Group** (+30.7%) disclosed 1Q revenue was up 22.6% and EBITDA up 50.0%;
- **Envirosuite** (+29.4%) disclosed strong sales in the 1Q of \$4m and a 42% increase in recurring revenues. It will also be interesting to monitor the progress of the SeweX pilot with one of Australia's largest water utilities;
- **MedAdvisor** (+20.0%) reported positive cashflow and 1Q revenue up 36.5% on a like-for-like basis, as well as upgrading CY21 revenue guidance to \$59-\$60m.

We expect further updates from companies with AGM season stretching into November.

**FYI Resources** (down 53.3%) was sold off after announcing a deal with Alcoa which funds the vast majority of FYI's high-purity-alumina project into production. FYI will retain a 35% interest in the project, which appears to be below market expectations but still would imply a large earnings stream at full production – hence we think the share price has over-reacted to the downside.

At month end, the Trust finished with 53 positions and cash of 0.5%.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+0.9
Energy	-1.4
Materials	+7.2
Industrials	-1.2
Consumer Discretionary	-1.0
Consumer Staples	-0.5
Health Care	-3.7
Financials	+1.1
Real Estate	+2.8
Information Technology	+3.2
Telecommunication Services	+5.8
Utilities	+0.4



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

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