

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Value Microcap Opportunities Trust (Net)	-1.7	-3.5	8.4	10.7	22.7	24.4	186.7
S&P/ASX Small Ordinaries Accumulation Index	-0.3	-1.5	4.1	18.4	13.5	11.8	71.7
Value Added	-1.4	-2.0	4.3	-7.7	9.2	12.6	115.0

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

Overview

For the month of November, the Trust was down 1.7% compared to the Index which was down 0.3%.

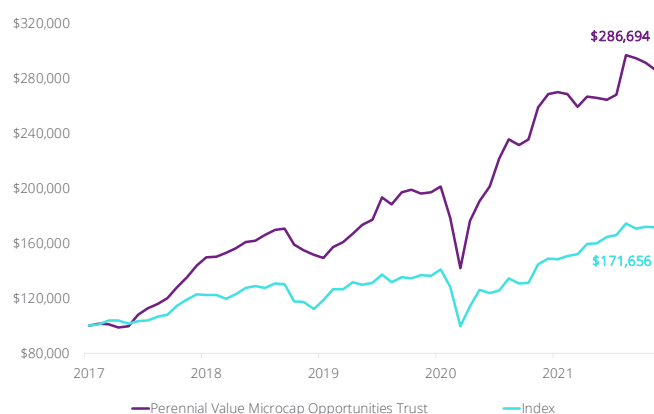
Fundamental newsflow in the portfolio was positive in the majority of cases, however there were clear signs of liquidity leaving the Microcap space which put pressure on some share prices, particularly those trying to raise capital.

Maggie Beer (up 26.2%) announced a strong trading update of 24.8% revenue growth on a pro-forma basis. The growth was in both the existing Maggie Beer business and also the recently acquired Hampers and Gifts Australia (HGA) business which is still growing despite very strong trading this time last year. Both Maggie Beer and HGA are well positioned for the key Christmas trading period.

Pleasingly, the investment in the Microcap Resources Trust was a positive contributor, up 5.3% (despite the weaker market) driven by holdings in Green Technology Metals and GenusPlus.

The portfolio-average PE ratio of 13.1x remains at a sizeable discount to the index which is 18.4x 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 \$305 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

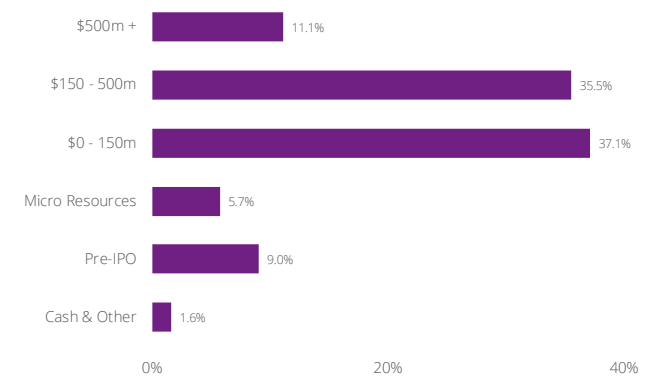
1.20% p.a. + Performance fee

APIR Code

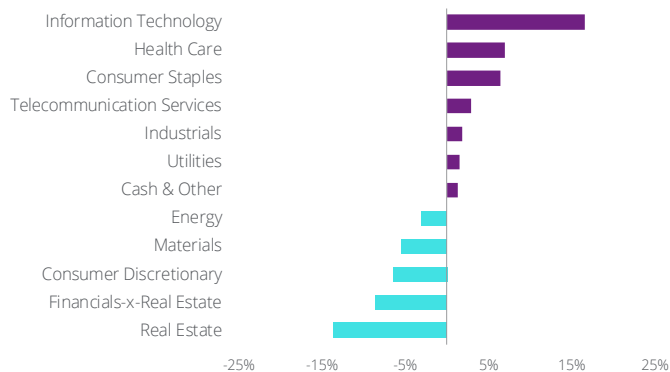
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Top 5 Positions	Trust (%)	Index (%)
SUPERLOOP LTD	4.5	0.0
LARK DISTILLING CO. LTD	4.1	0.0
ENVIROSUITE LTD	3.9	0.0
GOOD DRINKS AUSTRALIA LTD	3.8	0.0
SWICK MINING SERVICES LTD	3.7	0.0

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

Maggie Beer (+26.2%) delivered 24.8% revenue growth on a pro forma basis reflecting strong trading at both the existing and the acquired business. E-commerce sales are now 44% of group sales, a pleasing change given the dominant supermarket chains make that channel relatively less appealing. The group looks well set up for a strong Christmas trading period and have reconfirmed guidance of \$100m in revenue and EBITDA of \$13.5-15.5m for FY22.

Swick Mining Services (+13.4%) post release of an independent valuation of its Oreplore spin off at 8cps compared to most investors who had attributed zero value to this business.

Alliance Aviation (+12.8%) provided a positive trading update and clearly outlined the timing of new aircraft entering the fleet over FY22 – while this will make a limited impact this year, we expect a material lift in FY23 as regional tourism continues to recover.

Liquidity appears to be withdrawing from the Microcap space, creating some clear opportunities where the share price has detached from improving fundamentals. This, combined with a crowded market for new capital raisings, put particular pressure on those stocks trying to raise fresh capital in such an environment. Two clear examples from the Trust were:

- **Scidev** was down 19.4% over the month, providing an attractive entry point after raising capital to fund the large pipeline of opportunities. Part of the raise was to allow for more vertical integration with an expanded manufacturing base in Australia, reducing supply chain risk. However, the capital raise was poorly handled and thus some investors have missed the strong fundamental reasons for the raising and the improving fundamentals of the company.
- **FirstWave** (down 23.5%) announced a game-changing acquisition of Opmantek with the founder of that business taking 100% of the acquisition price in FCT scrip and coming on as Managing Director of the combined entity. The accompanying \$14m capital raise, while tough to do in these markets, sets the company up with a more than sufficient runway to positive cashflows which is likely late next year.

Two other stocks suffering from sector weakness but with no company-specific news flow were **Doctor Care Anywhere** (down 22.5%) and **Betmakers Technology** (down 26.2%). These moves were similar to weakness in peer companies offshore despite fundamental differences making the comparisons less accurate. Betmakers, for example, is a B2B operator and thus does not suffer from the higher marketing costs dragging the likes of PointsBet and DraftKings down; likewise, Doctor Care is also B2B focusing on Insurance companies.

Laybuy (down 41.2%) delivered a mixed update, with strong revenue guidance in the UK and NZ but a short-term reversal in the recent trends of lower bad debts, albeit this still improved year on year. We believe consolidation is inevitable in this space and that the customer base of Laybuy is attractive, particularly to those focused on the UK.

The above positions, while disappointing in the short term, are a clear example of the dislocation in the Microcap market which we aim to exploit over the medium term. Importantly, there is only a small portion of the portfolio in companies currently generating negative cashflow and therefore reliant on capital markets for further funding. In all cases, these are forecasted to move to cashflow positive in CY23 and nearly all are fully funded to this point.

The portfolio looks particularly well placed with a portfolio-average PE ratio of 13.1x at a sizeable discount to the index which is 18.4x for FY23. The underlying companies are also generating strong earnings growth which should garner increased investor interest as they deliver.

At month end, the Trust finished with 53 positions and cash of 1.3%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	-0.3
Energy	-6.7
Materials	+3.2
Industrials	-1.5
Consumer Discretionary	-6.3
Consumer Staples	-0.8
Health Care	-3.4
Financials	-5.5
Real Estate	-1.7
Information Technology	+3.0
Telecommunication Services	-1.2
Utilities	+2.8



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

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