

| | Month (%) | Quarter (%) | FYTD (%) | 1 Year (%) | 2 Years (% p.a.) | 3 Years (% p.a.) | 5 Years (% p.a.) | Since inception [^] (% p.a.) |
|--|-------------|--------------|--------------|--------------|------------------|------------------|------------------|---------------------------------------|
| Perennial Value Microcap Opportunities Trust (Net) | 3.2 | -15.9 | -8.9 | -7.2 | 30.3 | 14.4 | 19.0 | 18.6 |
| S&P/ASX Small Ordinaries Accumulation Index | 5.3 | -4.2 | 1.1 | 9.7 | 29.2 | 9.6 | 9.9 | 10.4 |
| Value Added | -2.1 | -11.7 | -10.0 | -16.9 | 1.1 | 4.8 | 9.1 | 8.2 |

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

Overview

For the month of March, the Trust was up 3.2%, underperforming the Index which was up 5.3%. The market recovery from the weak start to the year was driven by Small Resources (+12.7%) with a more modest increase in Small Industrials (+3.0%).

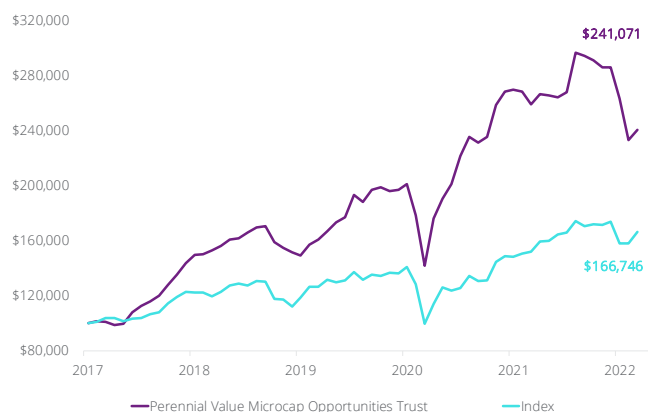
Our exposure to the Microcap Resources Trust was helpful (as well as a direct holding in Jindalle Resources (+26.5%) and we look for any softness in coming months as a chance to further close the underweight in the resource sector via the Resources Trust.

Low risk appetite and perceived liquidity risk continued to impact most of the portfolio but there was a partial recovery in larger names such as Lark and Superloop. M&A is likely to be an increased feature as shown by the bid for Uniti Group (held in the Small Cap fund) with many of our holdings also looking like attractive takeover candidates.

Quarterly reporting in April will be important in testing our thesis on those names we see as moving towards cashflow positive (which have, to date, been the biggest drag on the fund).

The portfolio-average PE ratio of 13x remains at a sizeable discount to the index which is 18x for FY24.

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 \$253 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

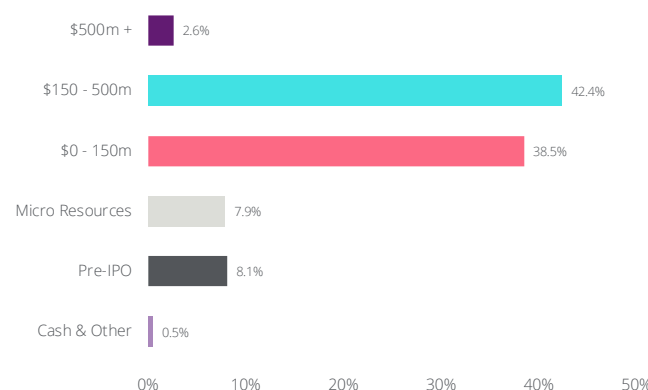
1.20% p.a. + Performance fee

APIR Code

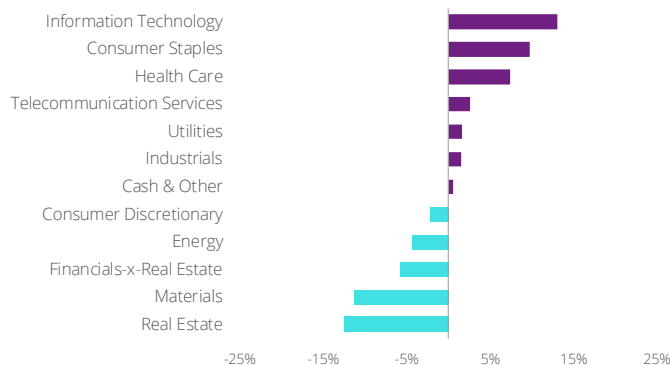
WPC3982AU

| Top 5 Positions | Trust (%) | Index (%) |
|---------------------------|-----------|-----------|
| LARK DISTILLING CO. LTD | 5.1 | 0.0 |
| SUPERLOOP LTD | 5.0 | 0.0 |
| MAGGIE BEER HOLDINGS LTD | 4.1 | 0.0 |
| GOOD DRINKS AUSTRALIA LTD | 4.0 | 0.0 |
| REVASUM INC | 3.9 | 0.0 |

Market Capitalisation Exposure



Sector Active Exposure vs Index



Trust Review

The shift in market sentiment towards resources is clearly shown by the change in leadership of the Small Ords with 4 of the top 5 Index weights being resources companies.

We look to gain exposure via the Microcap Resources Trust (commentary available separately) and will opportunistically build our exposure here in coming months.

In addition, we target Industrial stocks which are linked to a stronger resource capex cycle (e.g. **Alliance Aviation** +17.1%) and technology plays in the sector such as **RPM Global**, which is yet to move meaningfully despite strong sales momentum.

In oil and gas we are attracted to Industrial exposures which are solving ESG problems in the sector. To this end we added **Synertec Corporation** (+15.4%) during the month and continue to believe there is good progress at **SciDev** (down 13.7%) and **DUG Technology** (down 4.5%), both of which are being ignored by the market despite the strong sales tailwinds for oil and gas at the moment.

Indeed positive ESG contributors remain a key theme in the fund, in addition to **EnviroSuite** (discussed later), environmental exposures we have are :

- **EP&T Global** (+52.9% for the month) which provides energy saving solutions in offices;
- **EcoFibre** (+12.3%) which has the potential to materially reduce carbon output in the textile industry;
- **De.mem** (+7.1%) which provides water filtration technology.

While on the social side of ESG we have the following names (in addition to Limeade which is discussed separately):

- **FamilyZone** (+15.0%) which monitors internet and computer usage for school aged children and reported a strong UK selling season in March;
- **Cluey** (down 7.0%) which provides online tuition services to school children.

There was a patchy recovery in the technology sector with:

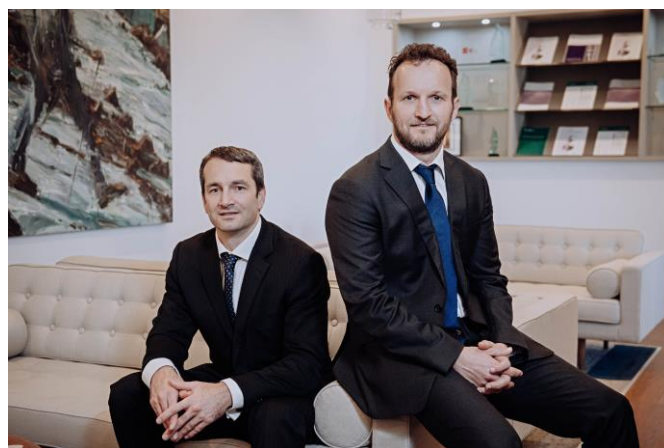
- **Firstwave** (+ 33.3%) after reporting good progress on the merger, the renewal of their largest contract (with Telstra) and further details of an agreement with Microsoft to add devices to their IoT management platform;
- **Limeade** (+27.9%) following its FY22 results release (calendar year end), with management finally being able to travel to Australia from their Seattle headquarters after a two-year covid-related hiatus. While still nascent, we are encouraged to see green shoots emerging within Limeade's core employee wellbeing product suite.
- **EnviroSuite** (down 18.9%), by contrast, remains shunned by the market, with the March quarterly report in April a potential catalyst for renewed interest.

Our exposures in Medical technology continued to be a drag but **4DMedical** (+21.4%) is a good demonstration of what can happen when fundamental progress is demonstrated to the market. In the case of 4DX, they delivered a commercial prototype of their 4D lung scanner to the Prince of Wales Hospital ahead of schedule – this will also trigger a government funding milestone with cash expected in April. Outside of this, most Medical names drifted lower on no newsflow. **MedAdvisor** (down 21.5%), **Doctor Care Anywhere** (down 13.1%) and **Lumos Diagnostics** (down 23.0%) – March quarterly results in April will provide further insights into the fundamental progress of each company.

At month end, the Trust finished with 49 positions and cash of 0.5%.

Market Review – Australia (%)


| | |
|--------------------------------|-------|
| S&P/ASX Small Ordinaries Index | +5.3 |
| Energy | +9.7 |
| Materials | +10.6 |
| Industrials | +5.3 |
| Consumer Discretionary | +2.3 |
| Consumer Staples | +3.5 |
| Health Care | +3.2 |
| Financials | +2.3 |
| Real Estate | +2.3 |
| Information Technology | +6.8 |
| Telecommunication Services | +12.5 |



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

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