

	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)	9.0	-13.7	9.0	-26.8	-5.8	0.5	11.8	13.1
S&P/ASX Small Ordinaries Accumulation Index	11.4	-9.9	11.4	-10.9	8.6	2.5	7.3	7.4
<b>Value Added</b>	<b>-2.4</b>	<b>-3.8</b>	<b>-2.4</b>	<b>-15.9</b>	<b>-14.4</b>	<b>-2.0</b>	<b>4.5</b>	<b>5.7</b>

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

## Overview

For the month of July, the Trust was up 9.0% (net of all fees) behind the Index which recovered strongly, up 11.4%.

Markets globally reacted to optimism that the peak in the interest rate cycle is closer than previously thought, seeing capital come back into growth stocks and a high level of short covering.

Many names in the portfolio provided positive fundamental updates during the quarter, albeit the share price response ranged from muted to several moves of +40%. The performance of the latter group was also likely impacted by a recovery from the large tax loss driven sell-off seen in June.

Two more buybacks were announced across the portfolio (in addition to the two in June) reminding the market of both the balance sheet strength and the board's view that the shares are undervalued. Buybacks increase earnings per share in future years and thus are an effective way to enhance future value.

Two smaller holdings in the portfolio had a more mixed quarterly update, providing reason to exit or reduce. Following this, we shifted capital to companies with strong earnings momentum.

The portfolio-average PE ratio of 10.7x remains at a sizeable discount to the index which is 14.0x for FY24.

## 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 \$199 million

### Distribution Frequency

Annual

### Minimum Initial Investment

\$25,000

### Trust Inception Date

February 2017

### Fees

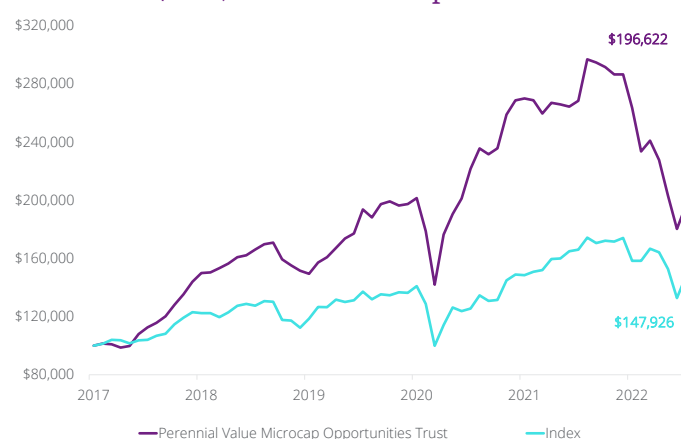
1.20% p.a. + Performance fee

### APIR Code

WPC3982AU

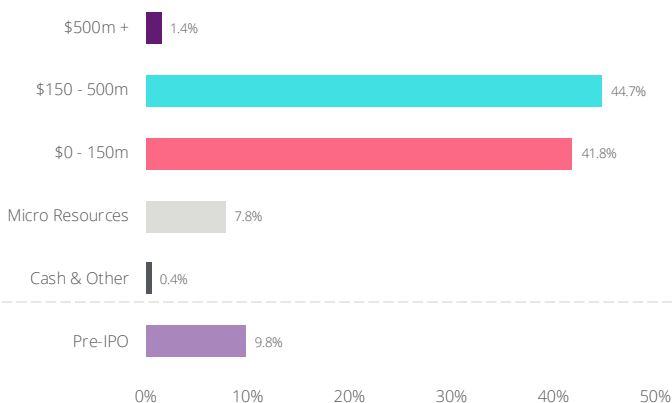
Top 5 Positions	Trust (%)	Index (%)
SUPERLOOP LTD	6.1	0.0
GOOD DRINKS AUSTRALIA LTD	5.8	0.0
NAVIGATOR GLOBAL INVESTMENTS LTD	5.0	0.0
ENVIROSUITE LTD	4.8	0.0
LARK DISTILLING CO. LTD	4.5	0.0

## Growth of \$100,000 Since Inception



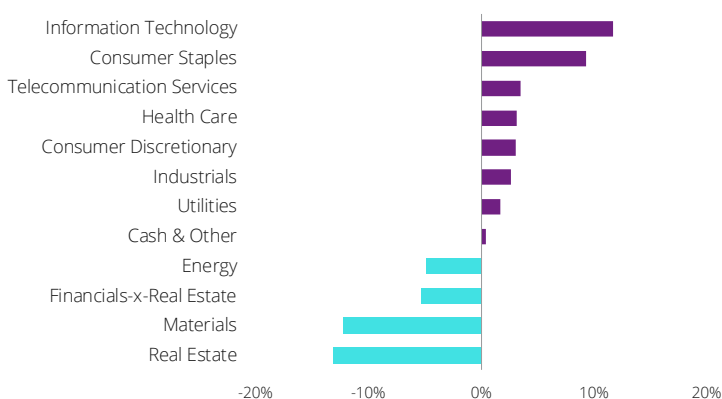
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Market Capitalisation Exposure



Please note, the above table may add to more than 100% as Pre-IPO equity positions will be double counted

## Sector Active Exposure vs Index



## Trust Review

There were many pleasing updates during July, namely:

- **SciDev** (up 88.9%) on a strong quarterly revenue growth and cash flow generation. The segmental data also reminded the market of their strong exposure to the buoyant oil sector in the US
- **Doctor Care Anywhere** (up 50.0%) with an encouraging quarterly showing continued cost reductions and strong growth in consultations on the prior period, which was almost at the record number seen in the 1Q22 (which is seasonally stronger)
- **Betmakers Technology** (up 47.1%) announced strong revenue growth at an annualised run rate of \$100m, ending with \$87.6m cash which provides ample funding for their buyback, announced in June
- **Synertec Corporation** (up 44.6%) after their first Powerhouse unit, a remote solar solution, passed factory testing and moved to field trials with Santos under a commercial agreement
- **MoneyMe** (up 42.1%) disclosed gross revenue growth of >190%, with loss rates well managed and SocietyOne synergies ahead of plan
- **Navigator Global investments** (up 23.7%) delivered an impressive update given the challenging markets, with assets under management growing to US\$22.9bn at June end compared to US\$22.1bn at the end of March 2022. This provides a clear differential between their outlook and the more challenging picture for listed equity fund managers who have seen a step drop in assets under management
- **Superloop** (up 17.4%) announced and commenced an on-market buyback of up to 10% of the company's issued share capital. We see this as a positive signal in terms of management's view of the underlying business momentum as well as balance sheet and cash flow strength

Other positive updates but where there was only a muted response included:

- **Envirosuite** (up 3.2%) after delivering 27.7% growth in the 4Q versus the prior period, demonstrating the strong ESG tailwinds fuelling revenue growth across their divisions
- **Lark Distilling Co.** (up only 2.9%) despite achieving their full year guidance set almost a year ago and despite the many distractions they have faced. Cashflow was positive in the fourth quarter and the sales outcome compared to the remaining whisky inventory suggest further strong growth in the average selling price. The catalyst for renewed investor interest is likely to be confirmation of a new CEO, which the board disclosed they are currently in negotiations with
- **RPM Global** (down 4.2%) despite adding \$5.6m in contracted value in the last four days of June, bringing the contacted revenue growth to a total of 45.4% over the full year

**Alliance Aviation** was down 9.8% despite the Qantas takeover bid being live, no doubt reflecting uncertainty over ACCC approval, which remains outstanding.

Some smaller holdings in the portfolio had a more mixed quarterly update which provided reason to exit or reduce, thereby shifting the capital to those companies with strong earnings momentum.

Our holding in the Micro Resources Trust lagged the sector (up 5.2%) as the key positions Cooper Energy and DUG Technology drifted lower on low liquidity despite very positive updates. This is something we expect will revert when full results are released in August given the strong earnings momentum in both names.

We look forward to tracking the performance of our portfolio companies over the upcoming August reporting season.

At month end, the Trust finished with 46 positions and cash of 0.4%.

## Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	+11.4
Energy	+16.6
Materials	+10.3
Industrials	+11.3
Consumer Discretionary	+12.2
Consumer Staples	-1.8
Health Care	+21.6
Financials	+12.3
Real Estate	+11.6
Information Technology	+16.3
Telecommunication Services	+9.9



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

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Signatory of:

 PRI Principles for Responsible Investment

 Significant Investor Visa (SIV) Compliant

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