

	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)	-0.3	-7.9	-4.5	-39.9	-18.4	-4.3	4.9	9.8
S&P/ASX Small Ordinaries Accumulation Index	4.9	-0.8	11.2	-14.0	0.9	2.6	4.4	6.9
Value Added	-5.2	-7.1	-15.7	-25.9	-19.3	-6.9	0.5	2.9

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

Overview

For the month of November, the Trust was down slightly (net of all fees) underperforming the Index which was up 4.9%.

Markets moved higher during the month post lower-than-expected US Inflation and hope the size of US interest rate increases will moderate going forward.

November was busy (AGMs, results, investor days). It was pleasing to see positive reactions for key stocks; Genetic Signatures (+30%) and Lark (+22%). It was however disappointing to see holdings drift lower on no new news flow despite fundamentals remaining solid (Alliance Aviation, RPMGlobal). In this regard, it's interesting to see active buybacks in 2 of our held stocks, and in addition, this month, now 7 stocks with director buying. This is notable and certainly supports our view on the strong fundamentals of the companies we hold.

We expect M&A to feature going forward and saw this emerge with PeopleIN which announced a strategic review process given the excessively cheap valuation metrics and solid momentum. The portfolio has many takeover candidates with the average PE ratio of 11.2x, a sizeable discount to the Index which is 13.9x for FY24 given the superior growth on offer in the portfolio.

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 \$168 million

Distribution Frequency

Annual

Minimum Initial Investment

\$25,000

Trust Inception Date

February 2017

Fees

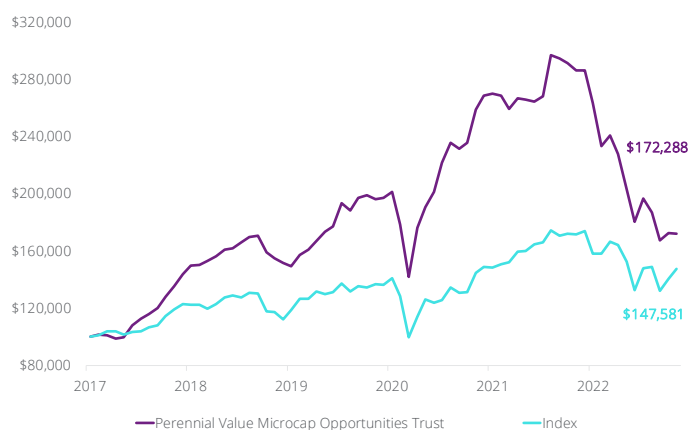
1.20% p.a. + Performance fee

APIR Code

WPC3982AU

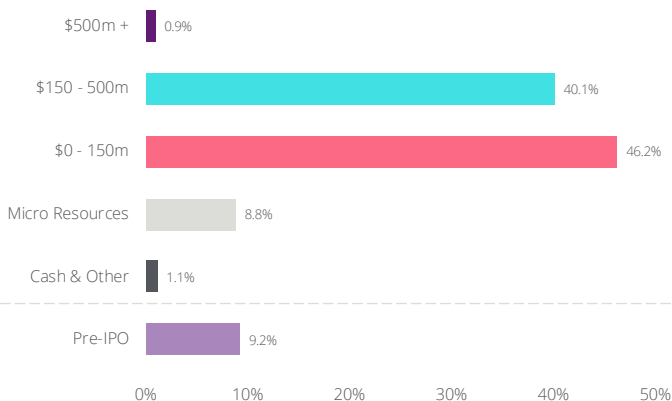
Top 5 Positions	Trust (%)	Index (%)
GOOD DRINKS AUSTRALIA LTD	6.5	0.0
LARK DISTILLING CO. LTD	4.9	0.0
SUPERLOOP LTD	4.5	0.0
NAVIGATOR GLOBAL INVESTMENTS LTD	4.5	0.0
ENVIROSUITE LTD	4.4	0.0

Growth of \$100,000 Since Inception



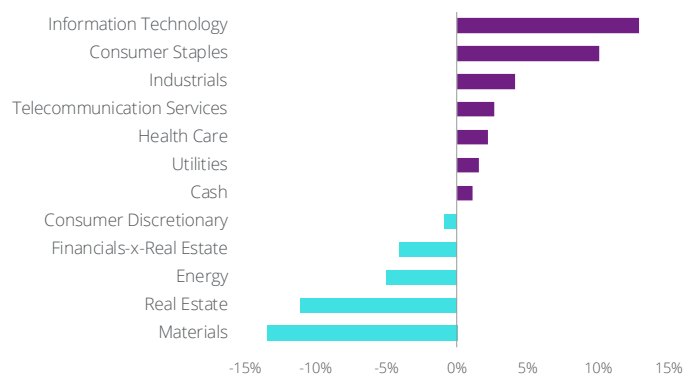
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

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 several companies that were rewarded during the month following positive AGM updates, including:

- **Lark Distilling** (+22.0%) provided insight into their latest Portfolio Strategy which includes a core Signature Collection of 5 SKUs, as it continues to grow from a direct-to-consumer model, now adding mainstream retail and export interest. As mentioned last month, a new high calibre CEO was named and set to start in May 2023.
- **Good Drinks Australia** (+7.5%) provided a roadmap to growing EBITDA to \$25-30m by 2025, an uplift of 200-260% on FY22. We have been long term supporters and are happy with the progress GDA have made in becoming a dominant distributor of craft beer throughout Australia.
- **MedAdvisor** (+13.5%) gave an explicit strategy update outlining the necessary initiatives to achieve breakeven in FY23, with a clear pathway to profitability for FY24.
- **Acrow Formwork and Construction Services** (+7.0%) announced that earnings will be at the top end of the previous guidance range. ACF is benefitting from significant contract wins, with secured equipment hire contracts in the three months to 30 September up 32% on the same period last year.
- **Genetic Signatures** (+30.2%) reiterated the benefits of 3base® technology and outlined the upcoming growth opportunities including the much-anticipated FDA approval expected in 2023.

Smaller positions which had a positive impact included:

- **Microba** (+88.9%) announced a commercial partnership with Sonic Healthcare to distribute MAP's microbiome testing across their network. SHL have agreed to invest \$17.8m (19.99%), as well as an additional 5% stake through options exercisable at 33c, a 55% premium to the 5-day VWAP.
- **Limeade** (+18.8%) performing well after signing a large 3-year contract with UPMC Health Plan Inc. The \$10.5 million contract will increase annual software revenue by \$3.5m p.a.

However, positive newsflow from many of our portfolio companies continues to be ignored, with the focus on more liquid names; as examples:

- **SRG Global** (down 1.4%) signed several new contracts during the month that are expected to generate revenue of \$75m. The company also made a small bolt on acquisition and re-affirmed guidance of 25% EBITDA growth for FY23.
- **RPMGlobal** (down 8.2%) added \$2.5m of ARR since 30 June, with FY23 guidance now in sight, having secured \$9m of the incremental \$11m software subscription revenue required.

Cycling COVID comparable sales proved difficult for **Maggie Beer** (down 22.2%) following a weak 1Q23 trading update. Encouragingly, sales in the current quarter have rebounded, with the second quarter being the largest for the business. Continued investment in brand and marketing should also help underpin future sales growth, and current valuation multiples remain attractive.

The fund participated in the **Marley Spoon** rights issue which will raise up to \$22.8 million. The raising increases the company's available funding as it moves towards being cashflow positive. Marley Spoon is performing well operationally, generating solid revenue growth and has guided to being EBITDA profitable in both 4Q22 and for 2023. The CEO acquired \$0.75 million worth of shares in the raising which we view as a positive sign.

November was an eventful month with several of our names receiving media attention. It was pleasing to see **Micro-X** accredited in The Australian ([article](#)) for deploying 11 Rover Mobile DR X-ray units into Ukraine, which have helped save thousands of lives.

PeopleIN confirmed a strategic review of the business to evaluate options available to maximise shareholder value after an AFR report highlighted the appointment of a defence advisor.

We were encouraged to see 7 of our companies disclose Director buying on-market during the month. Not only does this validate alignment with shareholders, it is also an indicator of the unrealised value within our portfolio.

At month end, the Trust finished with 51 positions and cash of 1.1%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	+4.9
Energy	-1.2
Materials	+10.0
Industrials	+1.1
Consumer Discretionary	+0.9
Consumer Staples	-1.1
Health Care	+0.0
Financials	+3.4
Real Estate	+1.3
Information Technology	+2.4
Telecommunication Services	-0.2



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

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