

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	Since Inception^ (% p.a.)
Perennial Value Microcap Opportunities Trust (Net)	3.8	9.3	8.5	-0.4	-14.1	1.6	7.7	7.8
S&P/ASX Small Ordinaries Accumulation Index	1.7	10.1	9.2	7.8	1.4	4.4	6.5	6.6
Value Added	2.1	-0.8	-0.7	-8.2	-15.5	-2.8	1.2	1.2

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

Overview

The Trust was up 3.8% ahead of the benchmark which was up 1.7%.

The pleasing performance reflects the strong fundamental earnings updates delivered by our key holdings during February reporting season. Investors responded to this news which pushed shares higher, whereas in the prior two years this was either ignored or the initial bounce was seen as a source of liquidity and sold into. This is an important shift in sentiment and suggests a return to a stock pickers market as compared to the macro dominated markets of the prior two years.

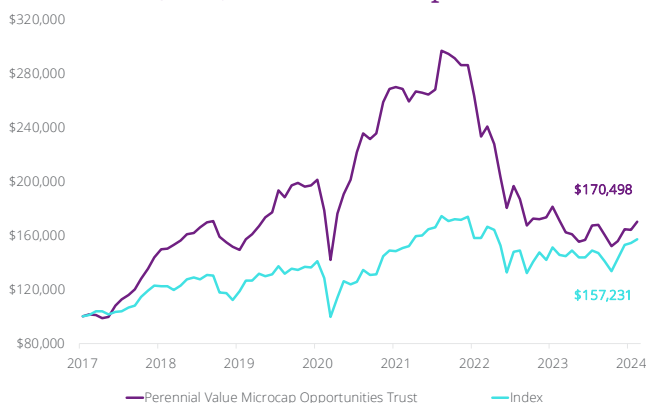
The more settled macro backdrop has also shifted sentiment amongst corporates with a notable pickup in M&A activity. The Trust benefitted from this with a takeover bid for Superloop which was our largest holding prior to the bid. While we believe a higher bid will be required, we did sell a portion of our holding for cash into the initial approach. This de-risked the position as the current bid consideration was in shares only which we are not comfortable with. We were able to redeploy this cash into three new investment ideas, all of which are in the money as at month end.

On the earnings front, Superloop delivered a very strong result as did RPM Global, Acrow, MedAdvisor and Veem. Less well understood but strong results for SciDev and Alliance Aviation provided an opportunity to add to our position providing a source of potential future returns.

We remain comfortable with the positioning of the Trust with superior growth forecast* when compared to the Index, strong balance sheets (70% net cash) and a low earnings multiple (12.3x PE in FY25).

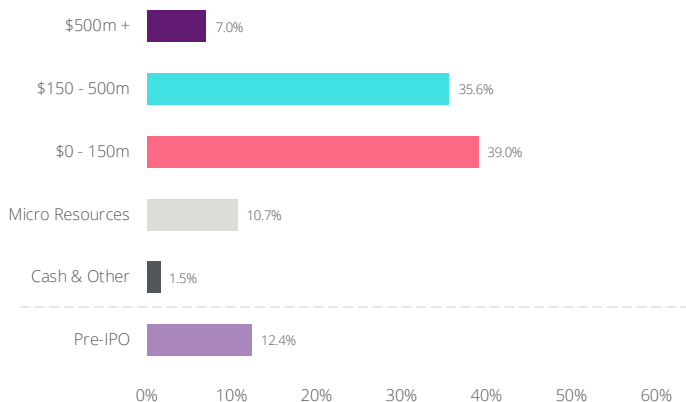
*Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in a materially positive or negative manner.

Growth of \$100,000 Since Inception



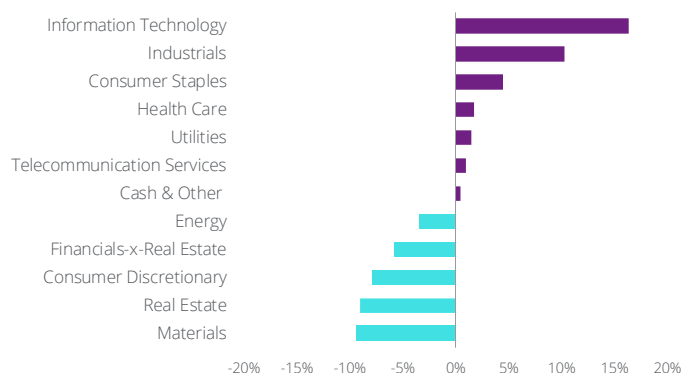
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



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

Sector Active Exposure vs Index



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

APIR Code
WPC3982AU

Distribution Frequency
Annual

Minimum Initial Investment
\$25,000

Trust Inception Date
February 2017

Fees
1.20% p.a. + Performance fee

Top 5 Positions	Trust (%)	Index (%)
DUG TECHNOLOGY LTD	4.7	0.0
QORIA LTD	4.6	0.0
VEEM LTD	4.3	0.0
GOOD DRINKS AUSTRALIA LTD	3.9	0.0
MEDADVISOR LTD	3.5	0.0

Trust Review

Superloop (+46.8%) performed well during the month after announcing both a strong set of interim results and the receipt of an indicative takeover offer from telco peer Aussie Broadband. We are encouraged by Superloop's robust operational performance as well as improved industry dynamics in the broader telco sector.

Other notable profit results included:

- **DUG Technology** (+25.6%) announced a 45% increase in their order book, some of which started to appear in the 1H24 revenue (+23%). However, the costs of meeting this high demand was elevated in the 1H given the need to use third-party computing power. Pleasingly, this drops away in future periods as DUG's own investment in increased computing power is delivered (the first of which arrived in December). Hence, we believe the best earnings are still ahead for DUG.
- **RPM Global** (+24.4%) delivered an 89% improvement in EBITDA and 20% revenue growth as the shift to subscription software gained momentum.
- **Acrow** (+15.1%) delivered a 24% improvement in earnings per share and 28% revenue growth, demonstrating their ability to invest in and expand new engineering solutions and make very accretive acquisitions.
- **MedAdvisor** (+12.5%) reported revenue growth of 17.8% and normalised EBITDA of \$10.4m (a 20.9% improvement). Visibility is high for the US division in the 2H24 and there are multiple growth avenues for the combined businesses.
- **SRG Global** (+12.3%) reported a strong recovery in cash conversion (to 133% of earnings) and a 33% increase in EBITDA. Future visibility is also improved with work in hand growing 27%.
- **Veem** (+11.0%) delivered a very impressive result with EBITDA up 65% on 37% revenue growth, while cashflow doubled. Most pleasingly, this growth is before any contribution from the potential joint initiative with Sharrow Engineering, with an initial trial results due soon.

Credit Clear (+ 48.7%) is a relatively new position that delivered 15% revenue growth and positive cashflow. Given recent contract wins, the company has also upgraded full year revenue guidance as well as EBITDA by 50% (with most of the increased revenue guidance translating to higher EBITDA).

While there was an encouraging response to many of the results, there remain several positions that we believe are overlooked or poorly understood by the market. This represented an opportunity to add to our positions in:

- **Scidev** (down 10.9%) despite positive cashflow and a 29% increase in EBITDA on record 1H revenue. With net cash and a high inventory position, it is hard to determine what the market is concerned about, suggesting instead a lack of investor focus is more the issue (this can be solved easily with a continuation of this positive earnings trend).
- **Alliance Aviation** (down 13.7%) despite a 90% lift in EBITDA and 28% growth in revenue. The market was clearly focused on auditor comments re the commitments for future purchases in the context of the current banking facility. What this is missing is the committed plane purchases are phased over the coming two years and are at very attractive prices, with these assets now in high demand. We believe it is highly likely these assets are leased or sold on delivery providing a higher earnings base in which to conclude a larger banking facility for the remaining purchases.

Envirosuite (down 33.3%) and **Maggie Beer** (down 19.6%) were sold off with results that were in line with expectations but lacked clear momentum for future periods to keep the market interested. We see positive catalysts for both positions this year that are likely to realise value and improve earnings quality - thus we have maintained our position in each.

The Trust finished with 53 positions and cash of 0.4%.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	1.7
Energy	-7.0
Materials	-1.2
Industrials	11.5
Consumer Discretionary	3.7
Consumer Staples	-2.1
Health Care	4.0
Financials	1.0
Real Estate	-1.7
Information Technology	15.8
Telecommunication Services	-1.3



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

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