

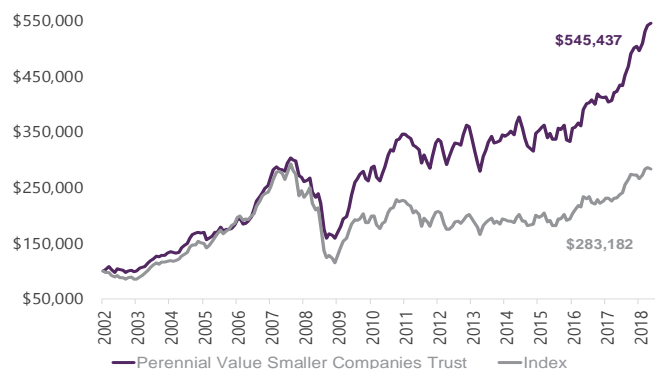
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Smaller Companies Trust (Net)	0.6	7.6	0.6	29.9	16.4	12.4	11.0
S&P/ASX Small Ordinaries Accum. Index	-1.0	3.7	-1.0	22.6	14.0	9.3	6.6
Value Added (Detracted)	1.6	3.9	1.6	7.3	2.4	3.1	4.4

^Since inception: March 2002. Past performance is not a reliable indicator of future performance.

Overview

- The Trust was up 0.6% (net of all fees) in July, ahead of the benchmark return for the S&P/ASX Small Ordinaries Accumulation Index (the Index) which was down 1.0%.
- In the past 12 months the Trust has returned 29.9% p.a. (net of all fees) compared to the Index return of 22.6% p.a.
- While the Index looks expensive relative to history, the Trust remains attractively priced when looking at our FY19 forecast with a price to earnings (P/E) ratio of 13.5 times (a 19.0% discount to the Index)

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 Smaller Companies Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of listed Australian companies predominately 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 Trust FUM
Andrew Smith and Julian Guido AUD \$126 million

Distribution Frequency Minimum Initial Investment
Half yearly \$25,000

Trust Inception Date Fees
March 2002 1.20% + Perf fee

APIR Code
IOF0214AU

Top 10 Positions

	Trust (%)	Index (%)
Navigator Global Investments Ltd	4.2	0.4
EML Payments Ltd	4.1	0.2
Pacific Energy	3.6	0.0
Integral Diagnostics	3.4	0.0
Codan Ltd	3.1	0.0
Cooper Energy Ltd	3.0	0.4
Huon Aquaculture Grp	2.9	0.0
Imdex Ltd	2.9	0.2
Ingenia Group	2.9	0.3
Pwr Holdings Ltd	2.8	0.0

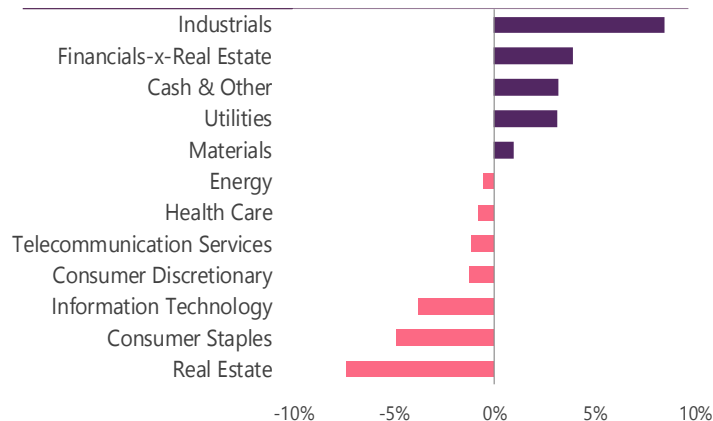
Portfolio Characteristics – FY19

	Trust	Market
Price to Earnings (x)	13.5	16.7
Price to Free Cash Flow (x)	10.9	16.3
Gross Yield (%)	4.3	4.1
Price to NTA (x)	1.9	2.3

Source: Perennial Value Management. As at 31 July 2018.

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Sector Active Exposure vs Index



Trust Review

July is typically a quiet month for company specific news flow however this was not the case in 2018.

Positive announcements during the month had a meaningful impact on the share prices of:

- **Cooper Energy** (+23.4%) after the successful drilling of Sole-3 with the high volume of gas produced de-risking the company making Sole project
- **Veem Ltd** (+23.4%) after announcing several super yacht manufacturers in Europe are adopting their gyro technology
- **EML Payments** (+17.7%) with a large contract win announced with GVC Holdings (parent of Ladbrokes), the acquisition of Perfectcard (an Irish eMoney institution) and the confirmation late in the month of a large contract with a German mall operator which significantly de-risks FY19 forecasts
- **Australis Oil and Gas** (+17.4%) after an east coast roadshow
- **Navigator Global Investments** (up 8.4%) with fund inflows of US\$1.35bn in addition to the US\$5.39bn from the Mesirov transaction
- **Houn Aquaculture** (+5.4%) as several investors (including our own Marni Lysaght) visited their operations in Tasmania

Detractors included **National Veterinary** (-20.8%) with an earnings downgrade reflecting unexpectedly poor trading conditions during June – this weakness was something that was also seen by the other listed Vet business as well some dental operators

Longtable Group (-19.9%) drifted lower as stock from the recent placement became tradeable

Trust Activity

The Trust was active in the resource sector with weakness in both the copper and nickel prices providing the opportunity to add to our position in both Oz Minerals and Independence Group

At month end the Trust held 59 stocks and cash of 3.2%.

Outlook

The Trust remains attractively priced when looking at our FY19 forecast with a price to earnings (P/E) ratio of 13.5 times (a 19.0% discount to the Index) and offering a 4.3% gross yield.

As always, our focus will continue to be on investing in quality companies which are offering attractive valuations.



Source: Analyst, Marni Lysaght visiting Huon in Tasmania

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-1.0
Energy	+3.3
Materials	-4.3
Industrials	+4.5
Consumer Discretionary	+1.5
Health Care	+1.7
Financials-x-Real Estate	+2.1
Real Estate	-0.4
Information Technology	+3.1
Telecommunication Services	-0.5
Utilities	+0.3

Global, Currency & Commodities (%)

S&P500	+3.6
Nikkei225	+1.1
FTSE100	+1.5
Shanghai Composite	+1.0
RBA Cash Rate	1.50
AUD / USD	+0.6
Iron Ore	+3.8
Oil	-6.5
Gold	-2.3
Copper	-4.5

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