

	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)	-0.3	5.0	9.0	17.6	14.1	12.9	10.6
S&P/ASX Small Ordinaries Accum. Index	1.6	3.7	4.2	16.6	11.4	10.8	6.5
Value Added (Detracted)	-1.8	1.3	4.8	1.1	2.7	2.1	4.1

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

Overview

- The Trust was down -0.3% net of fees, underperforming the Small Ordinaries Accumulation Index (the Index) return which was up +1.6%. For the financial year to date the Trust has returned +9.0% (net of fees), compared to the Index return of +4.2%.
- The Trust was not able to keep pace with the market in November with a strong performance at the Index level from stocks not held on valuation grounds (e.g. Technology One and Fisher & Paykel Healthcare both up >17% and trading on >45x PE on FY20 estimates).
- Disappointing updates from Metals X (down 35.3%) and G8 Education (down 23.5%) offset positive earnings updates from Navigator Global (+17.1%), Emeco (+12.6%) and an acquisition from EML Payments (+19.7%).
- We used weakness to add to stocks where sizeable falls appeared to be driven more by institutional flows than fundamentals (eg. Baby Bunting, Otto Energy, SRG Global and Fleetwood falling between 6-16% during the month).
- The portfolio represents solid value at 13.6x FY20 earnings (a 26.5% discount to the Index) and a gross yield of 4.3%.

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 predominantly 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 \$149 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
March 2002	1.20% + Perf fee

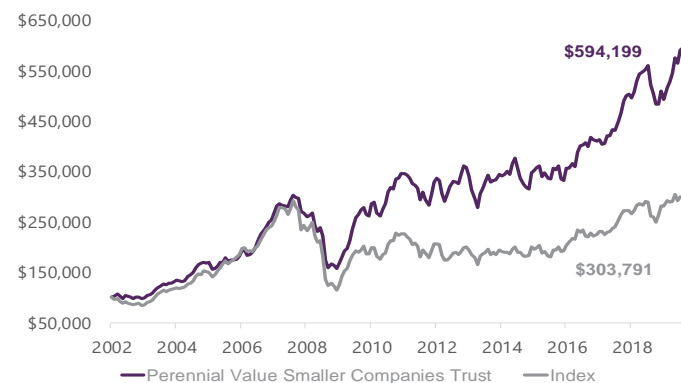
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Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	13.6	18.5
Price to Free Cash Flow (x)	11.0	18.4
Gross Yield (%)	4.3	3.8
Price to NTA (x)	2.4	2.3

Source: Perennial Value Management. As at 30 November 2019

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.

Growth of \$100,000 Since Inception

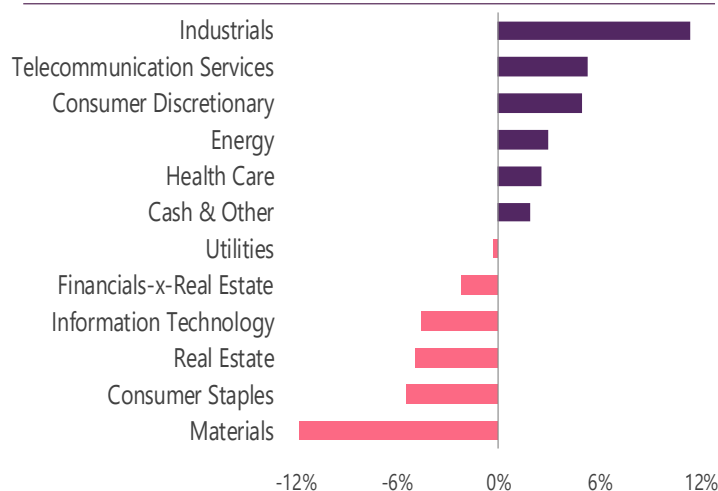


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 10 Positions

	Trust (%)	Index (%)
ALLIANCE AVIATION SERVICES L	4.0	0.0
INTEGRAL DIAGNOSTICS LTD	3.8	0.0
SEALINK TRAVEL GROUP LTD	3.7	0.0
INGENIA COMMUNITIES GROUP	3.1	0.5
NAVIGATOR GLOBAL INVESTMENTS L	3.0	0.2
SEVEN GROUP HOLDINGS LTD	3.0	1.3
PWR HOLDINGS LTD	2.8	0.0
NATIONAL VETERINARY CARE LTD	2.5	0.0
SRG GLOBAL LTD	2.4	0.0
COOPER ENERGY LTD	2.4	0.4

Sector Active Exposure vs Index



Trust Review

EML Payments (+19.7%) provided a strong 1Q20 trading update and announced the acquisition of Prepaid Financial Services (PFS) via a placement which we participated in.

We first entered EML in 2014 via a placement (at 50c) to fund the acquisition of Store Financial UK. We have supported subsequent acquisitions with management demonstrating a solid record on integrating and lifting the earnings of each acquisition. While the multiple paid for PFS is the largest to date, it is also the most sizeable target (£40m net revenue and £12m EBITDA in CY19) and the most strategic. It introduces some very large new verticals for EML, with a large exposure to digital banking and government/charity payments.

Navigator Global Investments (+17.1%) provided a positive update including cost cutting initiatives. This lifted earnings guidance to US\$33.5m which was ahead of analyst expectations.

Emeco Holdings (+12.6%) provided strong 1h20 earnings guidance. This reflects both high utilisation rates (from stronger mining sector volumes) plus efficiency benefits from the Matilda and Force acquisitions.

Johns Lyng Group (+14.6%) management highlighted strong 1H20 momentum at the AGM and a large opportunity within the Strata market (post the Bright & Duggan acquisition). We believe current guidance is likely to prove conservative with current market forecasts likely to be upgraded.

Calix (+15.1%) gained investor attention after presenting at two conferences during the month.

Detracting from performance was **Baby Bunting** (down 15.4%) declining on no news flow during the month. The October AGM saw management reiterate guidance as the company benefits from an improved market position following a period of market consolidation. We like that management are continuing to invest in the business by improving their consumer offering, including their website and online presence.

Metals X (down 35.3%) announced they weren't going to hit their 'reset plan' targets – a disappointing outcome given the amount of capital and time applied in an effort to return the mine to historic run rates.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+1.6
Energy	+2.9
Materials	-2.2
Industrials	+4.0
Consumer Discretionary	+0.2
Consumer Staples	+4.0
Health Care	0.0
Financials-x-Real Estate	+1.1
Real Estate	-0.4
Information Technology	+8.7
Telecommunication Services	+1.6
Utilities	+6.6

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Signatory of:



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Overview of PFS

Solution Suite

Digital Banking & Current Accounts

43% of GDV

Online / mobile banking and real-time payments
Issuance of IBANs
Partial current account switching services

Government, Local Authority & NGO

42% of GDV

Issuance to unbanked and underbanked individuals
Online banking and real-time payments
Real-time, secure funds distribution and bulk payments

Corporate Solutions & Incentive Schemes

7% of GDV

Customised e-money and digital banking solutions
End to end payment services
Full programme design and management
Reward and loyalty programmes

Multi-Currency Travel Cards

6% of GDV

Multi-currency cards or e-wallets
Direct integration with numerous FX suppliers
Single / multi-use virtual cards
P2P / youth centric products



Source: EML Payments Prepaid Financial Services Acquisition Presentation

Stocks which were weaker for less obvious reasons were **SRG Global, Fleetwood and Otto Energy** – in all cases we added on weakness.

Looking forward, we are excited by two IPO's we have invested in that are listing in December, with both enhancing the growth profile of the portfolio.

At month end we held 67 positions and cash of 1.9%.

Invest Online Now



Small Cap Portfolio Managers: Andrew Smith (left) and Julian Guido (right)