

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (%p.a.)
Perennial Value Smaller Companies Trust (Net)	4.1	40.3	-4.1	-4.1	7.5	9.0	9.5
S&P/ASX Small Ordinaries Accumulation Index	-2.0	23.9	-5.7	-5.7	6.1	7.9	5.7
Value Added	6.1	16.4	1.6	1.6	1.4	1.1	3.8

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

Overview

Volatility continued in June as the market grappled with the emergence of a 2nd wave of COVID-19 overseas, contrasted with strong earnings updates in Australia from companies with a domestic exposure. Consumers in particular responded to an earlier than expected re-opening of the economy.

Given most companies had withdrawn earnings guidance there were many genuine earnings surprises and large share price moves – definitely a stock pickers market.

The Trust performed well in such an environment, up 4.1% compared to the Index which was down 2.0%. The strong June quarter helped to offset a poor March quarter with the net result being the Trust was down 4.1% for the financial year compared to the Index down 5.7%.

During the month, we continued to lock in profits in the more cyclical names as earnings may be more challenged once government stimulus is reduced or withdrawn. We still see active investment opportunities in other sectors but have begun building up cash in preparation for new opportunities during August reporting season.

The final distribution to be paid from the Trust is 5.4 cents per unit.

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 \$133 million

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

Trust Inception Date Fees
March 2002 1.20% p.a. + Performance fee

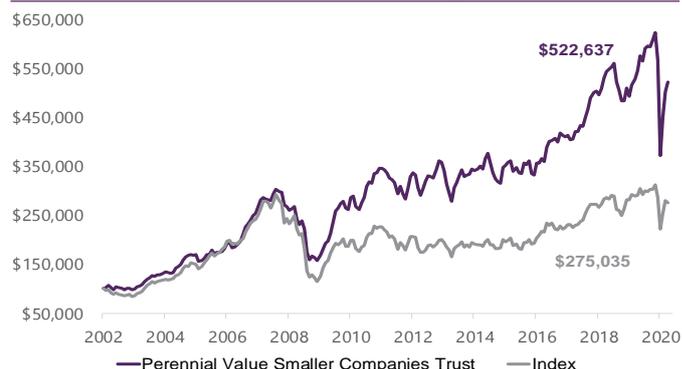
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Portfolio Characteristics – FY22	Trust**	Index*
Price to Earnings (x)	12.9	13.9
Price to Free Cash Flow (x)	9.3	11.2
Gross Yield (%)	5.4	4.5
Price to NTA (x)	2.2	1.7

Source: *Macquarie, Goldman Sachs & UBS forecast as at 31 May 2020.
**Perennial Value Management as at 30 June 2020.

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.

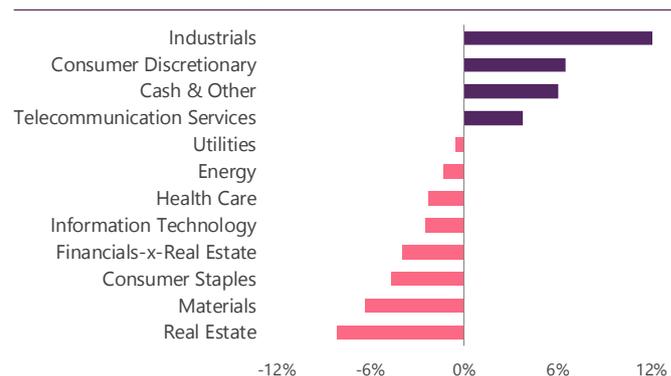
Growth of \$100,000 Since Inception



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	4.6	0.0
SEVEN GROUP HOLDINGS LTD	3.0	1.2
MARLEY SPOON AG	3.0	0.0
INGENIA COMMUNITIES GROUP	2.8	0.7
INTEGRAL DIAGNOSTICS LTD	2.7	0.3
LIMEADE INC	2.6	0.0
REDBUBBLE LTD	2.4	0.0
SUPERLOOP LTD	2.4	0.2
RAMELIUS RESOURCES L	2.3	0.8
UNITI GROUP LTD	2.3	0.2

Sector Active Exposure vs Index



Trust Review

Updates for many companies continued to be better compared to the very low market expectations.

Some examples from the Trust were:

- **Redbubble** (up 66.1%) provided a very strong trading update with quarter to date revenue growth of 107% and EBITDA for the 11mth period of \$11.9m (also up over 100%).
- **HRL** (up 32.5%) provided EBITDA guidance of \$5.5-\$5.8m compared to consensus expectations of \$4.8m, with strong trading in the essential food testing business being the main driver.
- **Adairs** (up 23.0%) opened all stores in late May, delivering positive like for like growth while the very strong online sales continued.
- **Collins Foods** (up 17.8%) delivered their full year result which was ahead of analyst expectations with strong cashflows and an encouraging recovery from the initial sales impact from COVID-19.
- **Acrow** (up 14.5%) highlighted a strong 4Q recovery led by infrastructure projects and the recently acquired Natform business.

Gold stocks continued to be a standout for performance, with contributions from:

- **Aurelia** (up 53.8%), having posted several positive updates, including upgraded production guidance, demonstrating a return to higher grade gold zones as per our investment thesis. A maiden resource for the Federation deposit could lead to a doubling of mine life.
- **Capricorn** (up 15.1%) continued to progress towards first production next year with an update suggesting the Karlawinda Gold Project is on schedule.
- **Ramelius** (up 13.4%) upgraded their production guidance for the June quarter materially and began to close the valuation gap with other mid tier miners.

Stocks that benefit from staying at home during COVID-19 began to perform again given signs of a second wave. For example, **Marley Spoon** (up 68.2%) and **Genetic Signatures** (up 12.6%) rallied during the month despite limited news flow from the companies.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-2.0
Energy	-8.5
Materials	0.0
Industrials	-3.0
Consumer Discretionary	-0.5
Consumer Staples	-8.1
Health Care	-3.9
Financials-x-Real Estate	-0.4
Real Estate	+2.1
Information Technology	+1.2
Telecommunication Services	-4.4
Utilities	+9.0

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Signatory of:



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Corporate activity remained elevated and we supported the capital raisings for both **Alliance Aviation** and **Uniti Group** – adding to our already large position in both companies.

Alliance Aviation (up 14.3%) has been a clear winner from the disruption. A recent profit upgrade highlight share gains in regional routes and fly in fly out operations. They raised \$122m during the month to position themselves to opportunistically buy new aircraft given the large disruption to the industry. We supported the capital raising given management's history of significant value add through opportunistic fleet purchases.

Uniti Group (down 7.6%) provided an earnings upgrade and raised \$270m towards the proposed acquisition of close competitor Opticomm. The acquisition, if successful, will make Uniti the clear leader in fibre infrastructure for both land and multi-storey developments and is forecast to be 23% EPS accretive. Despite the positive news, the shares drifted lower as some uncertainty remains until the deal formally completes.

There was limited negative news flow although some stocks did drift lower such as **Superloop** (-8.8%) and **Navigator Investments** (-9.2%).

At month end, the Trust had 69 positions and cash of 6.1%.

Invest Online Now



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