

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception <sup>^</sup> (%p.a.)
Perennial Value Smaller Companies Trust (Net)	5.7	15.1	30.6	12.1	11.7	13.5	10.8
S&P/ASX Small Ordinaries Accumulation Index	2.8	13.8	20.3	9.2	6.6	10.5	6.6
<b>Value Added</b>	<b>2.9</b>	<b>1.3</b>	<b>10.3</b>	<b>2.9</b>	<b>5.1</b>	<b>3.0</b>	<b>4.2</b>

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

## Overview

The rotation in the market towards value and cyclicals continued in December with Resources and Mining Services in particular strong contributors to performance. Standouts were IGO Ltd (+37.4%), SRG Global (+18.6%), Oz Minerals (+15.7%) and Alliance Aviation (+11.0%).

Company specific positive news during the month enabled some of our more defensive growth names to still perform despite the pro cyclical backdrop. Marley Spoon (+32.4%) recovered post encouraging guidance, Metcash (+17.3%) announced a strong 1H profit and Genetic Signatures (+12.6%) won their first US customer.

The Trust was up 5.7% (net of fees) compared to the Index which was up 2.8%.

For the calendar year the Trust was up 12.1% compared to 9.2% for the Index. The performance for the year is particularly pleasing given the dislocation to markets from COVID and the strong recovery needed in performance from the March 2020 lows.

The portfolio average PE ratio of 14.0x remains at a sizeable discount to the Index which is 18.8x for FY22.

## 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 \$175 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
March 2002	1.20% p.a. + Performance fee

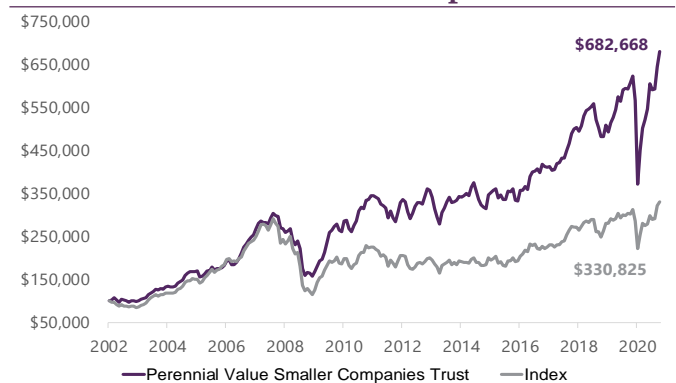
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Portfolio Characteristics – FY22	Trust*	Index**
Price to Earnings (x)	14.0	18.8
Price to Free Cash Flow (x)	11.6	19.7
Gross Yield (%)	3.8	2.9
Price to NTA (x)	2.4	2.4

Source: \*Perennial Value Management as at 31 December 2020. \*\*FACTSET forecast as at 31 December 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.

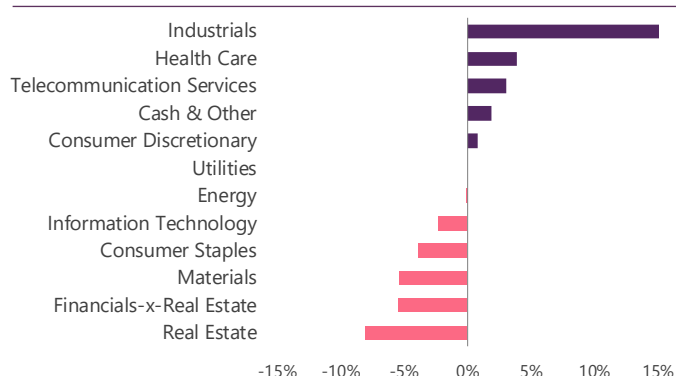
## Growth of \$100,000 Since Inception



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	6.0	0.0
UNITI GROUP LTD	3.9	0.4
SEVEN GROUP HOLDINGS LTD	3.4	1.3
MARLEY SPOON AG	3.3	0.0
GENETIC SIGNATURES LTD	3.0	0.0
INTEGRAL DIAGNOSTICS LTD	3.0	0.3
SRG GLOBAL LTD	2.6	0.0
BAPCOR LTD	2.4	1.1
INGENIA COMMUNITIES GROUP	2.3	0.6
LIMEADE INC	2.0	0.0

## Sector Active Exposure vs Index



## Trust Review

**City Chic Collective** (+45.7%) enjoyed robust gains after completing the acquisition of the eCommerce assets of UK based “Evans”. The purchase lifts earnings and provides scale in a new geography.

**Veem** (+19.7%) continued to rally on the back of increasing broker research and the broadening realization the company is approaching an inflection point in sales of its marine gyro-stabilisation modules.

**IGO Ltd** (+37.4%) rallied strongly upon announcing the acquisition of 25% of the Greenbushes lithium mine and 49% of the soon to be commissioned Kwinana lithium plant from Tianqi – two high-quality low-cost assets, as shown in the accompanying chart. The Trust had an existing position, which we added to meaningfully via the placement at \$4.60 a share in early December (month end price \$6.38).

**SRG Global** (+18.6%) bounced after upgrading FY21 EBITDA guidance by 8.8% and highlighting the company’s work-in-hand stood at \$1bn as at 30th November, the largest in the company’s history.

**Alliance Aviation** (+11.0%) provided guidance for the 1H21 result that implies >60% profit growth on the pcp as they continue flight operations for a much larger resource customer base than pre COVID. The more subdued share price response (when compared to the size of the profit increase) suggests the market still expects these market share gains to reverse – we disagree and believe the large fleet expansion via two recent deals is yet to contribute to earnings and will provide the basis for continued earnings growth into FY22.

Company specific positive news during the month enabled some of our more defensive growth names to still perform despite the pro cyclical backdrop, namely:

- **Marley Spoon** (+32.4%) recovered after increasing revenue guidance to the middle of the 90-100% growth range;
- **Metcash** (+17.3%) announced a solid 1H profit and a strong start to the current period with double digit underlying sales growth across all verticals in the first 5 weeks of the 2H;
- **Genetic Signatures** (+12.6%) won their first US customer for their SARS-CoV-2 detection kit, as well as securing a two-year agreement for reagent supply.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+2.8
Energy	+7.1
Materials	+10.2
Industrials	+0.6
Consumer Discretionary	+1.1
Consumer Staples	+0.6
Health Care	-0.3
Financials-x-Real Estate	+2.3
Real Estate	+3.2
Information Technology	-0.7
Telecommunication Services	-0.2
Utilities	+6.1

## Contact Us

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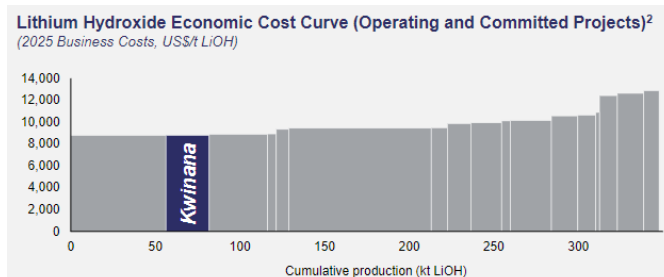
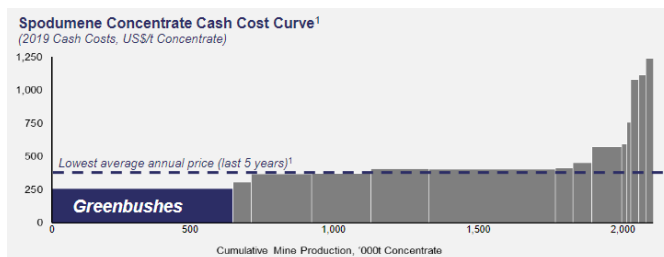
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Signatory of:



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Source: IGO presentation 9 December 2020

**MAAS Group** performed well on IPO in December closing at \$2.79 compared to an IPO price of \$2.00.

**Event Hospitality & Entertainment** (down 11.3%) fell after the purchaser of its German business failed to meet its timeline obligations. While disappointing, we note Event’s large asset backing on its balance sheet, providing significant flexibility.

**Limeade** (down 13.4%) drifted lower but pleasingly at month end announced a US\$2.3m 3yr contract with the University of Texas.

At month end, the Trust finished with 68 positions and cash/derivatives of 1.9%.

## Invest Online Now



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