

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (%p.a.)
Perennial Value Smaller Companies Trust (Net)	3.0	8.8	45.0	45.0	11.7	16.0	11.1
S&P/ASX Small Ordinaries Accumulation Index	3.1	8.5	33.2	33.2	8.6	11.2	7.0
Value Added	-0.1	0.3	11.8	11.8	3.1	4.8	4.1

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

Overview

The Trust was up 3.0% for the month of June, just behind the Small Cap Index which was up 3.1%.

Numbers for the financial year were strong, with the Trust up 45.0% (net of fees), well ahead of the Index which was up 33.2%. Profits were locked in across many names, and combined with dividend income, this has created a large year-end distribution of 10.96 cents per unit, which will be paid to investors in July. This should be factored into the unit price when assessing the total return.

In terms of portfolio positioning, we think it's unlikely that the drivers of last year's returns will be the source of performance in the coming years – hence we have rotated the portfolio to laggards offering compelling value such as Superloop, Navigator Global, Emeco and other select cyclicals. Many of these names, as well as new names such as Viva Leisure, were sold off in June's tax-loss selling, creating attractive buying opportunities.

We look forward to adding some more names in the August reporting season as we expect the market volatility to continue.

The portfolio-average PE ratio of 14.1x remains at a sizeable discount to the Index which is 21.4x 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

Andrew Smith, Julian Guido & Marco Correia

Distribution Frequency: Half yearly
Trust FUM: AUD \$208 million

Trust Inception Date: March 2002
Minimum Initial Investment: \$25,000

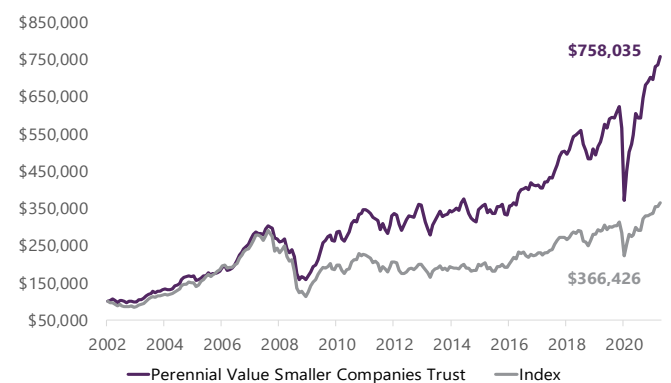
APIR Code: IOF0214AU
Fees: 1.20% p.a. + Performance fee

Portfolio Characteristics – FY22	Trust*	Index**
Price to Earnings (x)	14.1	21.4
Price to Free Cash Flow (x)	11.2	25.7
Gross Yield (%)	3.9	2.6
Price to NTA (x)	2.2	2.8

Source: *Perennial Value Management as at 30 June 2021. **FACTSET forecast as at 30 June 2021.

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

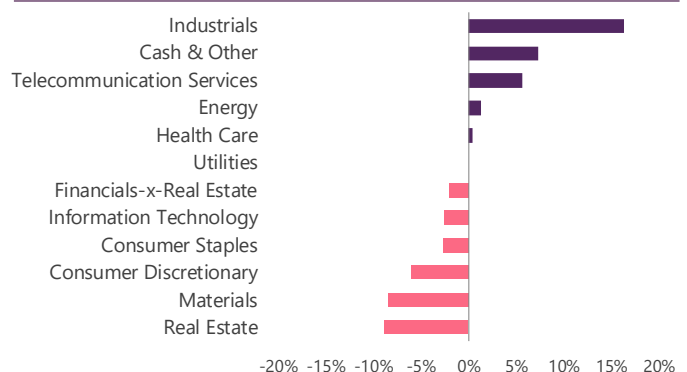


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 10 Positions

Position	Trust (%)	Index (%)
ALLIANCE AVIATION SERVICES L	5.2	0.0
SEVEN GROUP HOLDINGS LTD	3.7	1.2
UNITI GROUP LTD	3.5	0.9
SUPERLOOP LTD	3.3	0.0
SRG GLOBAL LTD	3.2	0.0
MONEYME LTD	3.0	0.0
NAVIGATOR GLOBAL INVESTMENTS L	3.0	0.0
EMECO HOLDINGS LTD	2.9	0.2
RPMGLOBAL HOLDINGS LTD	2.1	0.0
FRONTIER DIGITAL VENTURES L	2.0	0.0

Sector Active Exposure vs Index



Trust Review

We have been invested in **MoneyMe** (+52.4% in the month) since the IPO in late 2019. We have been impressed since listing with the speed of product innovation which speaks volumes for the strong technology within the business. Pleasingly, this has started to translate into higher volumes with new features for existing customers and entry into large new verticals such as auto and real estate finance.

Iress Limited, which was added to the portfolio only recently, traded higher (+20.8%) on reports potential bidders were circling the business. Management also reconfirmed CY21 guidance and announced a strategic review of its UK mortgage business to unlock value for shareholders.

Johns Lyng (+20.7%) was boosted after management upgraded guidance for FY21 Sales by 7% (to \$558m) and EBITDA by 10% (to \$52.1m).

MAAS Group (+20.1%) announced several acquisitions and investments across property and construction materials which were well received.

Smartgroup (+10.8%) successfully renewed its contract with the Department of Defence to June 2026 – its largest single client across the group.

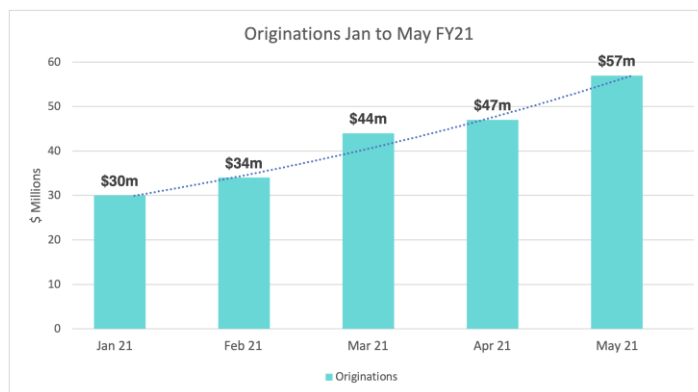
Some cyclicals which were previously left behind in the value rally began to perform with **Emeco** (+17.2%) and **GTN** (+11.1%) - both now providing guidance for FY21.

RPM Global (+16.6%) provided an encouraging sales update and announced an acquisition in the ESG reporting space. After June month end, RPM Global provided another strong sales update, suggesting continued momentum in software sales.

Uniti Group's share price rose 10.6% during the month as it entered the ASX 200 and attracted passive buying.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+3.1
Energy	+3.8
Materials	-0.6
Industrials	+1.9
Consumer Discretionary	+1.9
Consumer Staples	+4.9
Health Care	+5.5
Financials	+3.4
Real Estate	+5.1
Information Technology	+7.8
Telecommunication Services	+1.8
Utilities	+4.6



Source: MoneyMe ASX Update 15 June 2021

Superloop was down 5.8% despite what looks like a very accretive acquisition of Exetel during the month. Exetel is a broadband provider whose volume will now be shifted onto Superloop's underutilised assets, providing strong synergies when this is achieved. We added to our position in the rights issue and placement given the compelling logic of the combination.

We also added a new position during the month in **Viva Leisure**, a gym provider, as it was impacted by tax loss selling in addition to a public dispute with some franchise owners (despite franchise earnings being minimal at group level) and lockdowns in Sydney and Melbourne.

We had recently taken profits in both **Adairs** (down 11.0%) and **Genworth Mortgage Insurance** (down 19.7%) but they were still a drag on performance.

Gold was weaker with **Ora Banda** (down 28.6%). The sector weakness also provided an attractive entry point into **Dacian Gold** which was down 10.6% having raised capital the previous month.

At month end, the Trust finished with 61 positions and cash of 7.3%.

Invest Online Now



Portfolio Managers: Marco Correia, Andrew Smith and Julian Guido (left to right)

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