

	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)	3.8	3.3	9.0	21.1	19.6	14.6	11.3
S&P/ASX Small Ordinaries Accumulation Index	1.4	2.0	5.5	16.9	15.7	11.2	7.1
<b>Value Added</b>	<b>2.4</b>	<b>1.3</b>	<b>3.5</b>	<b>4.2</b>	<b>3.9</b>	<b>3.4</b>	<b>4.2</b>

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

### Overview

The Trust was up 3.8% (net of all fees) compared to the Index which was up 1.4%. The strong performance of the Trust was reflective of both stock-specific factors as well as sector positioning.

The performance over the calendar year 2021 was strong at +21.1% compared to the Index which was 16.9%.

News around the spread of the Omicron COVID variant caused the market to oscillate between pessimism and optimism during the month while also dealing with higher inflation and the expectations for higher borrowing rates.

Given the uncertainty, we have constructed a diverse and balanced portfolio with an emphasis of stock-specific drivers rather than macro views.

Genetic Signatures (up 36.1%) was the best performer (given higher testing volumes) followed by Western Areas (up 20.8%) following a much anticipated takeover bid.

The portfolio-average PE ratio of 12.9x remains at a sizeable discount to the index which is 18.8x for FY23. We expect the recent shift towards Value from Growth will continue and that the portfolio is well placed to benefit from this.

### 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 Australian companies that are either listed or unlisted companies found 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, Julian Guido & Marco Correia	AUD \$234 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
March 2002	1.20% p.a. + Performance fee

**APIR Code**  
IOF0214AU

Portfolio Characteristics – FY23	Trust*	Index**
Price to Earnings (x)	12.9	18.8
Price to Free Cash Flow (x)	10.1	18.5
Gross Yield (%)	4.0	3.0
Price to NTA (x)	2.4	2.6

**Source:** \*Perennial Value Management as at 31 December 2021. \*\*FactSet forecast as at 31 December 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.

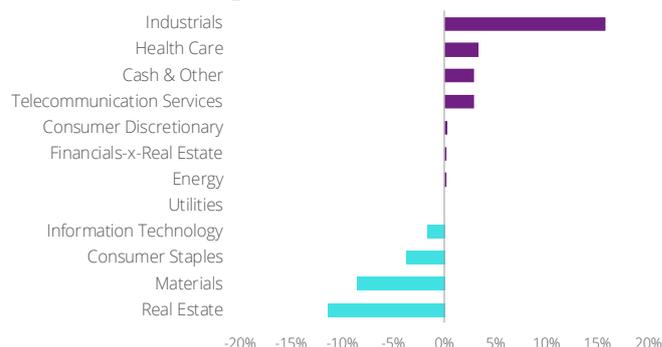
### Growth of \$100,000 Since Inception



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	Trust (%)	Index (%)
ALLIANCE AVIATION SERVICES LTD	5.4	0.0
SRG GLOBAL LTD	3.8	0.0
NAVIGATOR GLOBAL	3.6	0.0
INTEGRAL DIAGNOSTICS LTD	3.4	0.3
SEVEN GROUP HOLDINGS	3.0	1.2
SUPERLOOP LTD	2.8	0.0
COOPER ENERGY LTD	2.8	0.2
CLASS LTD	2.5	0.0
MONEYME LTD	2.4	0.0
GENETIC SIGNATURES LTD	2.3	0.0

### Sector Active Exposure vs Index



## Trust Review

**Genetic Signatures** (+36.1%) provided a positive trading update of at least \$21m in sales for the 1H (compared to \$18.7m in the prior half), continuing the strong momentum seen in the 1Q update. While COVID related revenues are positive in the short term, we are more focused on the new and more enduring markets – pleasingly in this regard the company made its first sale of Enteric tests into Europe as well as trials at two other European sites, while clinical trials continue in the US.

**Western Areas** (+20.8%) formalised an agreed takeover by IGO at \$3.36, a healthy premium to the price before negotiations were first disclosed in August.

It was pleasing to see a partial recovery in some of our holdings that had been under significant pressure late in CY21, with the following stocks starting to recover with fundamentally positive news:

- **Doctor Care Anywhere** (+18.7%) announced a new and more flexible operating model which will enhance margins and improve the profitability of its joint venture with AXA Health.
- **Marley Spoon** (+15.3%) acquired Chefgood, a Melbourne based ready-made meal company generating A\$26m of revenue and positive cashflow with an obvious possibility of cross-sell across respective customer bases.
- **Cooper Energy** (+14.3%) narrowed the previous production guidance range and reduced EBITDA reflecting transitory third-party gas costs while the gas plant upgrade continued. Pleasingly, plant averages continue to improve towards nameplate, setting the company up for improved earnings in the coming year.

**OFX Group** had another strong month, up 12.7%, following the announcement of a highly strategic and accretive acquisition of Firma, a Canadian-based cross-border payments company. The acquisition was entirely debt funded and likely to result in 20%+ EPS accretion.

**Betmakers Technology Group** (down 11.1%) moved lower despite no negative newsflow, likely reflecting sector wide weakness.

**Dacian Gold** (down 7.3%) raised capital at 17c to increase balance sheet flexibility.

A poorly received update allowed for what we believe is an attractive entry point into **Booktopia** (an online book retailer we have been tracking since pre-IPO in the Microcap Trust). Sales still grew to December despite the strong trading of the prior year, however costs to serve (but importantly not cost of goods) increased with COVID impacting their warehouse and delivery costs. Our view is these impacts should normalise in time.

At month end, the Trust finished with 64 positions and cash of 2.9%.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+1.4
Energy	+3.4
Materials	+4.7
Industrials	+4.1
Consumer Discretionary	-1.5
Consumer Staples	+7.0
Health Care	+1.9
Financials	+0.5
Real Estate	+8.0
Information Technology	-2.0
Telecommunication Services	-0.9



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

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## Contact us

 Level 27, 88 Phillip Street  
Sydney NSW 2000

 1300 730 032

 [invest@perennial.net.au](mailto:invest@perennial.net.au)

 [www.perennial.net.au](http://www.perennial.net.au)

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