

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since inception^ (% p.a.)
Perennial Value Smaller Companies Trust (Net)	8.1	-13.4	8.1	-16.1	9.0	4.1	9.1	9.6
S&P/ASX Small Ordinaries Accumulation Index	11.4	-9.9	11.4	-10.9	8.6	2.5	7.3	6.0
Value Added	-3.3	-3.5	-3.3	-5.2	0.4	1.6	1.8	3.6

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

Overview

For the month of July, the Trust was up 8.1% (net of all fees) behind the Index which recovered strongly up 11.4%.

Markets globally reacted to optimism that the peak in the interest rate cycle is closer than previously thought, seeing capital come back into growth stocks and a high level of short covering.

Our large position in Alliance Aviation was down 9.8% despite the Qantas takeover bid being live, no doubt reflecting uncertainty over ACCC approval, which remains outstanding.

Cooper Energy was also weaker, down 8.2%, as the market continued to digest the large equity raising for the Orbest gas plant acquisition, which is highly accretive.

These large weights, both with strong fundamentals and near-term catalysts, were the main drag in a sharply raising market where many of our holdings were also strong.

The portfolio-average PE ratio of 10.2x remains at a sizeable discount to the index which is 14.0x for FY24.

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.

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

Andrew Smith, Julian Guido & Marco Correia

Trust FUM

AUD \$170 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2002

Fees

1.20% p.a. + Performance fee

APIR Code

IOF0214AU

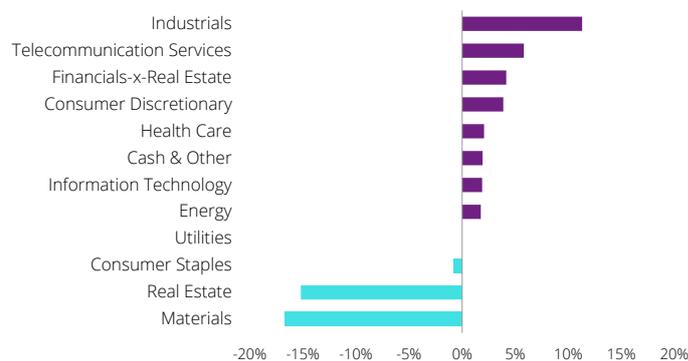
Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	10.2	14.0
Price to Free Cash Flow (x)	8.2	15.0
Gross Yield (%)	6.2	4.0
Price to NTA (x)	2.4	1.7

Source: *Perennial Value Management as at 31 July 2022. **FactSet forecast as at 31 July 2022

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.

Top 10 Positions	Trust (%)	Index (%)
NAVIGATOR GLOBAL INVESTMENTS L	5.5	0.0
ALLIANCE AVIATION SERVICES LTD	4.8	0.0
COOPER ENERGY LTD	4.7	0.2
SUPERLOOP LTD	4.4	0.0
RPM GLOBAL HOLDINGS LTD	4.0	0.0
ENERO GROUP LTD	2.8	0.0
INTEGRAL DIAGNOSTICS LTD	2.6	0.3
SEVEN GROUP HOLDINGS LTD	2.5	1.2
OFX GROUP LTD	2.5	0.0
CSR LTD	2.5	1.0

Sector Active Exposure vs Index



Trust Review

There were many pleasing updates during July, namely:

- **Dacian** (up 40.2%) after receiving a takeover bid from Genesis Minerals
- **Fleetwood** (up 32.4%) after announcing a material contract (\$52-70m) at its Searipple Village which significantly increases divisional earnings visibility for an extended period (5yrs)
- **MAAS Group** (up 14.9%) after pre-announcing FY22 EBITDA of \$125m (at the top end of guidance and 6% ahead of consensus). In addition, initial FY23 EBITDA guidance of \$180-200m (+44-60% YoY) is ahead of consensus of \$183m. Having identified 3 near-term acquisitions, the company completed a \$105m placement at \$4/share of which \$70m was to founders and management
- **Superloop** (up 17.4%) announced and commenced an on-market buyback of up to 10% of the company's issued share capital. We see this as a positive signal in terms of management's view of the underlying business momentum as well as balance sheet and cash flow strength
- **Navigator Global investments** (up 23.7%) delivered an impressive update given the challenging markets, with assets under management of US\$22.9bn at June compared to US\$22.1bn at the end of March 2022. This provides a clear differential between their outlook and the more challenging picture for listed equity fund managers who have seen a step drop in assets under management
- Both **PeopleIn** (up 17.3%) and **OFX** (18.8%) performed well during the month, with positive commentary from offshore peers pointing to good underlying conditions in their respective markets

Other positive updates from some of the smaller positions which resulted in large share price moves were:

- **Betmakers Technology** (up 47.1%) announced strong revenue growth at an annualised run rate of \$100m, ending with \$87.6m cash providing ample funding for their buyback, announced in June
- **MoneyMe** (up 42.1%) disclosing gross revenue growth of >190%, with loss rates well managed and SocietyOne synergies ahead of plan
- **Codan** (up 24.6%) traded higher on no new material news, as the broader technology sector enjoyed a relief rally during the month

There were no negative earnings updates in our portfolio however there was only a muted response to what we see as very positive updates from:

- **Envirosuite** (up 3.2%) delivered 27.7% growth in the 4Q versus the prior period – demonstrating the strong ESG tailwinds they enjoy
- **RPM Global** (down 4.2%) despite adding \$5.6m in contracted value in the last four days of June bringing the contacted revenue growth to a total of 45.4% over the full year

We look forward to tracking the performance of our portfolio companies over the upcoming August reporting season.

At month end, the Trust finished with 53 positions and cash of 1.9%.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	+11.4
Energy	+16.6
Materials	+10.3
Industrials	+11.3
Consumer Discretionary	+12.2
Consumer Staples	-1.8
Health Care	+21.6
Financials	+12.3
Real Estate	+11.6
Information Technology	+16.3
Telecommunication Services	+9.9



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

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