

| | 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) | 0.0 | -7.5 | -1.0 | -25.1 | -3.9 | 0.1 | 5.0 | 9.0 |
| S&P/ASX Small Ordinaries Accumulation Index | 4.9 | -0.8 | 11.2 | -14.0 | 0.9 | 2.6 | 4.4 | 5.9 |
| Value Added | -4.9 | -6.7 | -12.2 | -11.1 | -4.8 | -2.5 | 0.6 | 3.1 |

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

Overview

For the month of November, the Trust was flat (net of all fees), underperforming the Index which was up 4.9%.

Markets moved higher during the month post lower-than-expected US Inflation and hope that the size of US interest rate increases will moderate going forward.

November was busy (AGMs, results, investor days). It was pleasing to see positive reactions for key stocks; Genetic Signatures (+30%) and Lark (+22%). It was however disappointing to see holdings drift lower on no new news despite fundamentals remaining solid (Alliance Aviation, RPMGlobal). In this regard, it's interesting to see active buybacks in 8 of our held stocks, and in addition, 8 stocks with director buying this month. This is notable and certainly supports our view on the strong fundamentals of the companies we hold.

We expect M&A to feature going forward and saw this emerge with PeopleIN, which announced a strategic review process given the excessively cheap valuation metrics and solid momentum.

The portfolio-average PE ratio of 10.7x remains at a sizeable discount to the index which is 13.9x for FY24.

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 \$136 million |
| Distribution Frequency | Minimum Initial Investment |
| Half yearly | \$25,000 |
| Trust Inception Date | Fees |
| March 2002 | 1.20% p.a. + Performance fee |

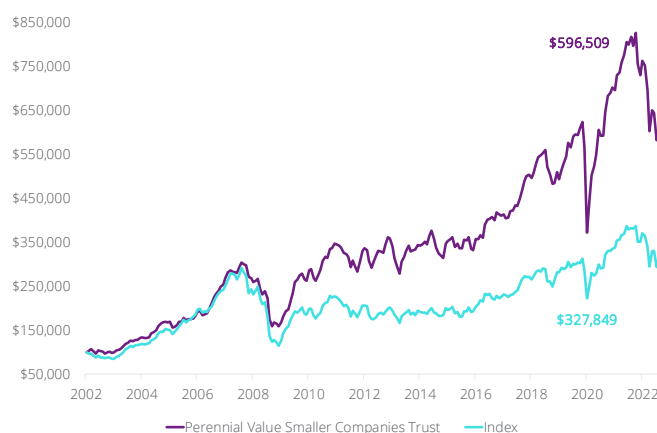
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| Portfolio Characteristics – FY24 | Trust* | Index** |
|----------------------------------|--------|---------|
| Price to Earnings (x) | 10.7 | 13.9 |
| Price to Free Cash Flow (x) | 8.3 | 11.6 |
| Gross Yield (%) | 4.9 | 4.2 |
| Price to NTA (x) | 1.9 | 2.1 |

Source: *Perennial Value Management as at 30 November 2022. **FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 30 November 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.

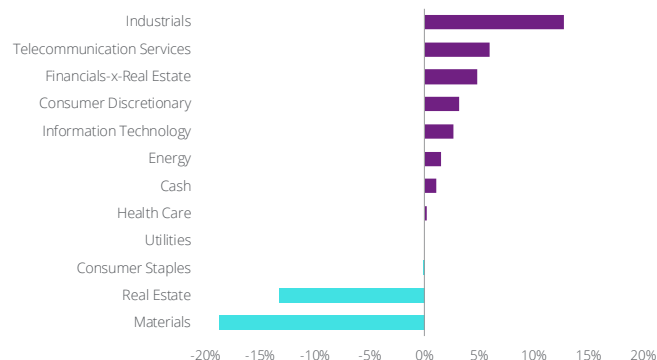
Growth of \$100,000 Since Inception



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 (%) |
|----------------------------------|-----------|-----------|
| NAVIGATOR GLOBAL INVESTMENTS LTD | 5.6 | 0.0 |
| RPMGLOBAL HOLDINGS LTD | 4.8 | 0.0 |
| COOPER ENERGY LTD | 4.7 | 0.2 |
| ALLIANCE AVIATION SERVICES LTD | 4.7 | 0.0 |
| SUPERLOOP LTD | 3.5 | 0.0 |
| SEVEN GROUP HOLDINGS LTD | 3.2 | 1.4 |
| EXPERIENCE CO LTD | 2.9 | 0.0 |
| ENERO GROUP LTD | 2.8 | 0.0 |
| FLETCHER BUILDING LTD | 2.6 | 0.5 |
| PSC INSURANCE GROUP LTD | 2.5 | 0.0 |

Sector Active Exposure vs Index



Trust Review

There were several companies that were rewarded during the month following positive updates, including:

- **Lark Distilling** (+22.0%) provided insight into their latest Portfolio Strategy which includes a core Signature Collection of 5 SKUs, as it continues to grow from a direct-to-consumer model, now adding mainstream retail and export interest. As mentioned last month, a new high calibre CEO was named and set to start in May 2023.
- **Genetic Signatures** (+30.2%) reiterated the benefits of 3base@ technology and outlined the upcoming growth opportunities at the AGM including the much-anticipated FDA approval expected in 2023.
- **EBOS** (+10.8%) demonstrated the company's depth of management, strong market positions and continued growth prospects at an investor day.
- **MAAS Group** (+9.2%) rebounded from last month's decline as the suspected downgrade to FY23 earnings from the unavoidable wet weather was confirmed. We noted an expanded debt facility announced at the AGM providing extra balance sheet flexibility.

In the Resources sector, the Trust benefitted from **Aeris Resources** (+64.1%) which rallied on the back of higher copper prices (+11.3%) and receipt of \$28.7m cash as a working capital adjustment from its acquisition of Round Oak earlier in the year.

We also increased our Gold exposure with a new position in **Bellevue Gold** (+26.4% from entry price), which rallied on the back of a rising gold price (+8.3%) and announcing its intention to toll treat early ore production to provide supplementary cash flow during the final stages of construction.

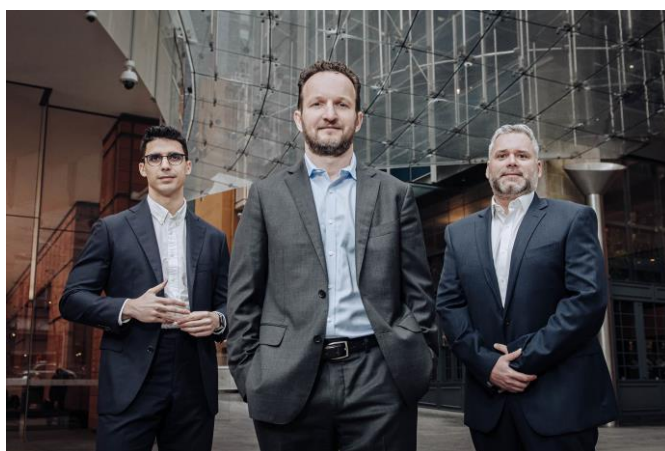
Detractors included:

- **Cooper Energy** (down 7.1%) traded lower as production issues at its Orbost Gas plant continued to frustrate the ramp up of that asset. In addition, there has been ongoing press speculation of a gas price cap to be imposed by government. We suspect concerns on this point are overdone. We expect confirmation of the government's approach on this issue in early December.
- **Ridley** (down 7.9%) reiterated FY23 guidance, yet concerns over recent East Coast floods remain. We are encouraged to see management activate its on-market buyback following the recent share price weakness, providing a somewhat comforting signal to investors.
- **Collins Food** (down 18.6%) posted a decent 1H23 result, however downgraded margin expectations (Aust & Europe) and is curbing the rollout of Taco Bell pending improvements. While sales trends are solid (and typically remain resilient in any economic weakness), costs pressures are real – hence, we reduced the position size.

At month end, the Trust finished with 56 positions and cash of 1.2%.

Market Review – Australia (%)


| | |
|--------------------------------|-------|
| S&P/ASX Small Ordinaries Index | +4.9 |
| Energy | -1.2 |
| Materials | +10.0 |
| Industrials | +1.1 |
| Consumer Discretionary | +0.9 |
| Consumer Staples | -1.1 |
| Health Care | +0.0 |
| Financials | +3.4 |
| Real Estate | +1.3 |
| Information Technology | +2.4 |
| Telecommunication Services | -0.2 |



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

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