

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since inception [^] (% p.a.)
Perennial Value Smaller Companies Trust (Net)	4.6	3.6	2.6	-18.2	-5.4	-0.3	4.3	9.1	5.5	9.1
S&P/ASX Small Ordinaries Accumulation Index	6.6	7.6	14.0	-4.4	1.0	2.4	4.4	8.4	5.4	6.0
Value Added	-2.0	-4.0	-11.4	-13.8	-6.4	-2.7	-0.1	0.7	0.1	3.1

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

Overview

For the month of January, the Trust was up 4.6% (net of all fees), less than the Index which was up 6.6%.

Risk appetite was clearly increasing in the market with many of the riskier parts of the market, which we avoid, performing the best.

Despite this, we did notice investors starting to build new positions in some of our smaller names which resulted in large share price moves for names such as Experience Co., GTN Ltd, Adairs and FINEOS within the portfolio. Our smaller market cap skew was a considerable drag last year, however December and January moves in this regard have been more positive.

Only a small portion of holdings, and the Index, provided earnings updates during January with the bulk of the portfolio reporting results in February. We expect mixed results and expect that consensus estimates (which in most cases are stale) would have underestimated the impact of higher interest rates and inflation on those companies with excess debt and low pricing power. As a result, we have skewed the portfolio towards companies with low debt levels and revenue tailwinds (and/or pricing power) to offset inflationary pressures. The portfolio-average PE ratio of 10.6x remains at a sizeable discount to the index which is 14.1x 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 \$133 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
March 2002	1.20% p.a. + Performance fee

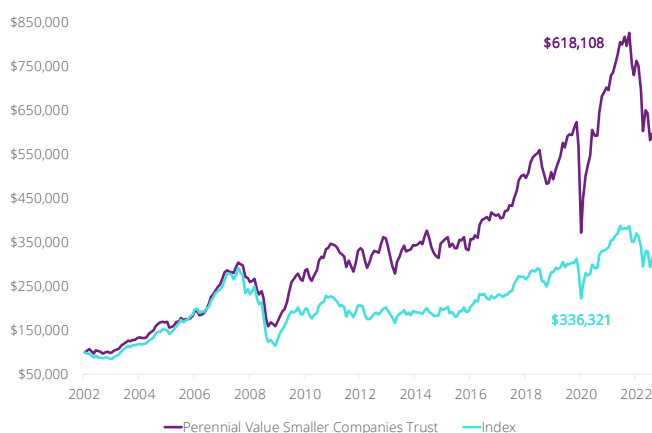
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Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	10.6	14.1
Price to Free Cash Flow (x)	8.6	12.8
Gross Yield (%)	4.5	4.7
Price to NTA (x)	2.0	2.5

Source: *Perennial Value Management as at 31 January 2023. **FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 31 January 2023

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.

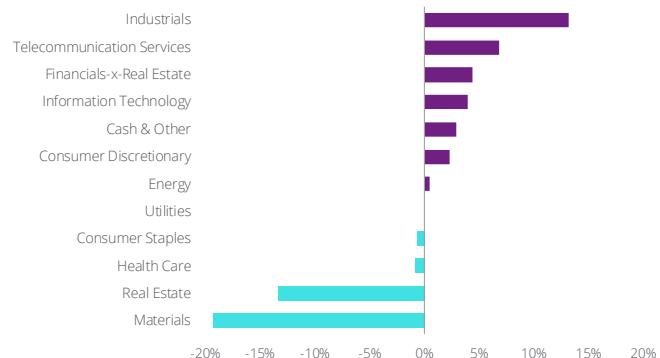
Growth of \$100,000 Since Inception



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	5.1	0.0
ALLIANCE AVIATION SERVICES LTD	5.0	0.0
RPMGLOBAL HOLDINGS LTD	4.6	0.0
COOPER ENERGY LTD	3.8	0.2
SEVEN GROUP HOLDINGS LTD	3.5	1.5
SUPERLOOP LTD	3.4	0.0
EXPERIENCE CO LTD	3.1	0.0
GTN LTD	2.9	0.0
ENERO GROUP LTD	2.7	0.0
FLETCHER BUILDING LTD	2.7	0.5

Sector Active Exposure vs Index



Trust Review

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

- **GTN Ltd** (+40.0%) provided a trading update with EBITDA expected to be +15.6% to +17.6% compared to the prior period with revenue growth in the core Australian market more than offsetting lower growth in Canada and a decrease in the UK.
- **MoneyMe** (+87.8%) announced strong revenue growth but importantly a shift to statutory profits of >\$8m for the half compared to losses of \$19m in the pcp given good cost control and synergies from the SocietyOne acquisition.
- **FINEOS** (+26.2%) provided an in line quarterly result during the month. We remain positive on the name as the business continues to grow its higher-value recurring software sales. We also see recent M&A activity within the broader 'insuretech' industry as a positive catalyst for the business.
- **Experience Co.** (+21.7%) gained investor interest given their tourism assets look well placed to benefit from the return of international tourists (with a full recovery now likely earlier given the return of Chinese tourists). We also think the market has missed the benefit to Experience Co from International students which have already arrived in large numbers – they have historically been a large portion of demand for the adventure activities of Experience Co, such as Skydiving.

Detractors included:

- **Lark Distilling** (down 13.9%) announced a mixed quarterly with net sales down slightly as they cycle one-off Gin sales in the prior period. More encouraging was the gross margin improvement (to 68.6%) and the growth in the core Whisky range at retail outlets (+38% for the half).
- **OFX Group** (down 17.2%) posted a quarterly update, with the market concerned about softening sales in its high-value consumer segment. Whilst not ideal, OFX has repositioned the business to be more focussed on its corporate sector, which continues to grow nicely. The company remains well managed, continues to pay down debt rapidly and now looks very well priced on most valuation metrics.

At month end, the Trust finished with 57 positions and cash of 2.9%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	+6.6
Energy	+7.1
Materials	+11.1
Industrials	+3.5
Consumer Discretionary	+12.6
Consumer Staples	+3.6
Health Care	+5.9
Financials	+5.0
Real Estate	+4.1
Information Technology	+9.7
Telecommunication Services	+11.5



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

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