

	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)	1.3	-7.6	-5.2	-24.0	-11.6	8.2	2.3	6.9	6.2	8.6
S&P/ASX Small Ordinaries Accumulation Index	2.8	-1.7	12.1	-9.4	-3.5	9.2	3.9	6.7	6.0	5.8
Value Added	-1.5	-5.9	-17.3	-14.6	-8.1	-1.0	-1.6	0.2	0.2	2.8

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

Overview

For the month of April, the Trust was up 1.3% (net of all fees), compared to the Index which was up 2.8%.

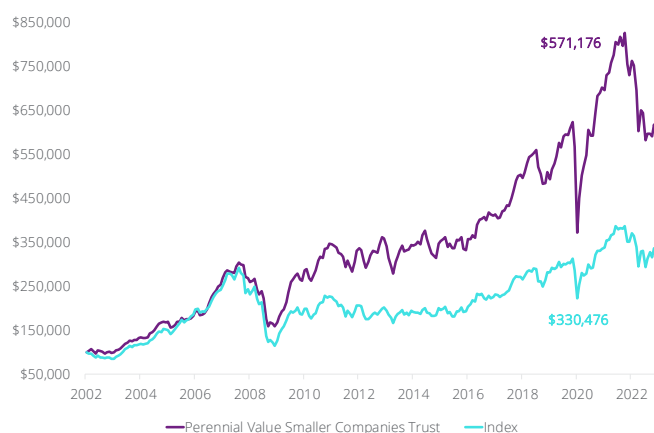
Fundamental news flow was more limited in April and trading volumes were down given the holiday period.

One of our largest positions, Alliance Aviation, fell 10.4% after the ACCC knocked back the takeover from Qantas. We hold Alliance for the strong fundamental growth we see over the next 2-3yrs, its strategic positioning and good valuation. With the noise of the takeover removed we expect investors will begin to focus on these strong growth prospects and investor interest should return.

There was some offset from the turnaround in share prices for Fleetwood, Superloop and Lark – all have begun to recover from oversold levels. Cooper Energy also improved with positive refinements to the federal government gas policy and an impressive new CEO in place.

The portfolio-average PE ratio of 10.4x remains at a sizeable discount to the index, which is 16.6x 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 \$113 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

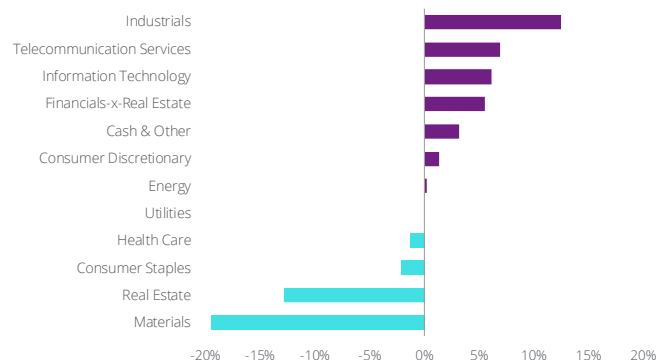
Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	10.4	16.6
Price to Free Cash Flow (x)	7.8	13.5
Gross Yield (%)	5.7	4.0
Price to NTA (x)	1.9	1.7

Source: *Perennial Value Management as at 30 April 2023. **FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 30 April 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.

Top 10 Positions	Trust (%)	Index (%)
NAVIGATOR GLOBAL INVESTMENTS	5.0	0.0
RPMGLOBAL HOLDINGS LTD	5.0	0.0
ALLIANCE AVIATION SERVICES LTD	4.7	0.0
EXPERIENCE CO LTD	4.2	0.0
COOPER ENERGY LTD	4.1	0.2
PEOPLEIN LTD	3.4	0.0
SUPERLOOP LTD	3.2	0.0
ENERO GROUP LTD	3.1	0.0
GTN LTD	2.8	0.0
FLETCHER BUILDING LTD	2.5	0.5

Sector Active Exposure vs Index



Trust Review

Fundamental newsflow was more limited in April and trading volumes were down given the holiday period. Many stocks that had large moves just reflected low liquidity rather than fundamental newsflow e.g. **Superloop** (+9.8%), **OFX** (down 8.9%) and **RPMGlobal** (down 4.4%).

Those companies that did have fundamental updates are discussed below.

Fleetwood (+23.8%) rose on news that the proposed Perdaman urea plant near Karratha has reached a positive final investment decision and the supply agreement of gas by Woodside has subsequently become unconditional. This is a significant project which is expected to generate over 2000 construction jobs and 200 operational jobs. We expect Fleetwood to benefit either directly or indirectly via providing accommodation services in Karratha.

IPH (+9.7%) provided an update on the recent cyber incident, quantifying the financial and operational impact. Fortunately, the cyber incident seems to be well contained, with both financial and operational exposure coming in better than feared. As such, we do not envisage significant monetary or reputational risk for the business. In addition, the Smart & Biggar acquisition earn out was met during the month, implying better than expected trading within the recently acquired Canadian operations.

Several companies provided quarterly updates:

- **Fineos** (+29.1%) released a strong March quarterly update to the market. We are encouraged to see good underlying cash flow and operational progress being made. The risk of an equity raise has also been reduced while Fineos tracks to being free cash flow breakeven by next financial year.
- **Perpetual** (+11.7%) provided a reasonable 3Q update with 4% growth in AUM to \$210bn driven by investment performance and a significant improvement in net flows. Expense guidance was lifted to the top end, with some offset from synergies post the Pental acquisition (upgraded by \$20m to \$80m).
- **Navigator** (+1.0%) reported strong FUM growth of US\$0.4bn with positive inflows – something that is rare in funds management at the moment.
- **Viva Energy** (+2.3%) reported strong 3Q23 EBITDA of \$293m, up 70% YoY, driven by the material growth in Commercial volumes and Refining margins. The bigger news was the \$1.15bn acquisition of independent convenience operator, OTR. The deal provides 10% EPS accretion and is strategically important, lifting non-fuel sales from 30% to 50% in the Convenience and Mobility business. Importantly, this also lowers the group's exposure to the volatility in Refining margins.
- **Aeris Resources** (down 29.1%) on soft production numbers. Production was impeded by heavy rains adjacent to its Mt Colin mine. This prevented ore from being trucked to the concentrator resulting in a \$27m working capital build. We expect this will start to unwind next quarter as better ore is accessed.

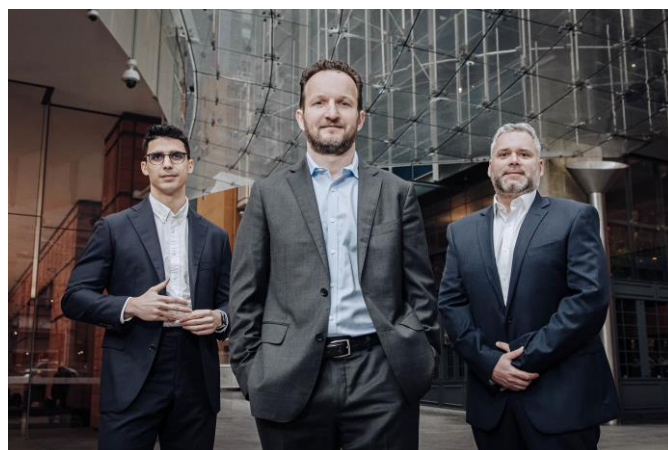
Lark (+8.1%) provided an encouraging quarterly with 3Q growth of +9% despite tougher domestic conditions. More detail was also provided on the ageing profile for the large Whisky bank which, along with the brand and property, provides strong asset support for the investment. The new CEO and CFO will start in May and June respectively – both bring the strong international Whisky experience which is needed to drive the export led growth path for Lark.

Stronger industry data supported **Integral Diagnostics** (+7.5%) and **Experience Co** (+5.5%) contrasted by weak macro data in retail which impacted **Universal** (down 7.7%).

The Trust finished with 57 positions and cash of 3.2%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	2.8
Energy	3.3
Materials	0.9
Industrials	3.1
Consumer Discretionary	3.9
Consumer Staples	0.9
Health Care	4.6
Financials	3.4
Real Estate	3.4
Information Technology	2.5
Telecommunication Services	1.1



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

 www.perennial.net.au

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 Significant Investor Visa (SIV) Compliant

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