

	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)	-4.1	-1.7	-1.7	-6.3	-17.4	-2.7	-0.5	4.4	5.1	8.2
S&P/ASX Small Ordinaries Accumulation Index	-4.0	-1.9	-1.9	6.8	-9.0	2.6	1.6	4.3	5.1	5.5
Value Added	-0.1	0.2	0.2	-13.1	-8.4	-5.3	-2.1	0.1	0.0	2.7

^Since inception: March 2002. Past performance is not a reliable indicator of future performance. Performance is shown to 29 September 2023, which was a public holiday in Melbourne. Since our unit registry is based in Melbourne, no unit price was struck for this day. An indicative unit price was calculated so that the performance of the fund may be compared to that of the market (the ASX was open on 29 September 2023). No reliance should be placed on the indicative unit price for 29 September 2023.

Overview

The Trust was down 4.1% inline with the Index which was down 4.0%.

Financials markets were clearly in a risk-off mode again with long term bond rates moving higher and pockets of stubborn inflation around the world.

Gold names, which were strong in the prior month, reversed their gains and stock performance outside this was mixed.

Given results were released in August, there was very little in the way of stock news. It was, however, the first chance for directors to trade post results as well as companies to commence buy-backs once the market had digested result announcements.

For our portfolio the signaling here was positive:

- 16 directors buying (2 selling)
- 8 active buybacks across the portfolio

Given the weak macro backdrop, such positive signaling from those closest to the fundamentals of the company was encouraging.

We used the month to further engage with our portfolio companies on corporate strategy and governance and continued to build further conviction in the fundamentals.

The portfolio-average PE ratio of 11.2x remains at a sizeable discount to the index which is 17.0x 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

Andrew Smith, Julian Guido & Marco Correia

Trust FUM

AUD \$88 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2002

Fees

1.20% p.a. + Performance fee

APIR Code

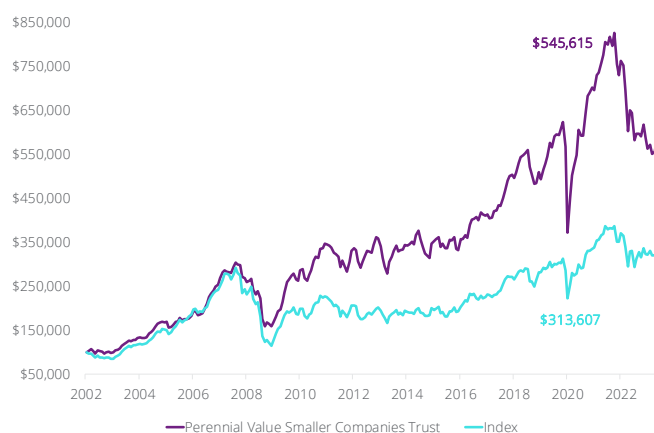
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Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	11.2	17.0
Price to Free Cash Flow (x)	7.6	14.3
Gross Yield (%)	4.1	4.0
Price to NTA (x)	2.1	2.3

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

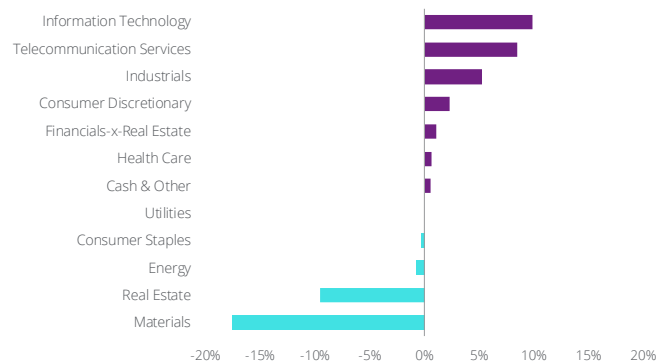
Growth of \$100,000 Since Inception



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 (%)
COOPER ENERGY LTD	5.2	0.1
RPMGLOBAL HOLDINGS LTD	5.2	0.0
SUPERLOOP LTD	3.9	0.0
QORIA LTD	3.8	0.0
EXPERIENCE CO LTD	3.8	0.0
NAVIGATOR GLOBAL INVESTMENTS LTD	3.5	0.0
ALLIANCE AVIATION SERVICES LTD	3.1	0.0
FLIGHT CENTRE TRAVEL GROUP LTD	3.0	1.5
ENERO GROUP LTD	2.9	0.0
CSR LTD	2.8	1.2

Sector Active Exposure vs Index



Trust Review

Stocks that did provide updates during the month included:

- **Genetic Signatures** (+17.2%) recovering from September's weakness after announcing that it had lodged with the US FDA an application for approval of the company's innovative test for gastroenteritis. We had encouraging engagement with the company during the month around cost and cashflow management to mitigate the risk from any further delays in approvals.
- **Fineos** (+0.8%) announced two client wins in Australia with iCare and Partners Life in New Zealand. Partners Life is the first insurer to use the Fineos Platform specifically for medical claims, providing Fineos with a new case study to win additional clients in this area.
- **OFX** (+0.6%) with the share price supported by the on market buy back. OFX is currently trading on attractive valuation multiples and we are encouraged by management's conviction to continue buying back stock up until blackout, noting OFX has a March year end.

On the negative side was:

- **Superloop** (down 5.7%) as uncertainty over the proposed takeover of Symbio overshadowed the high-quality result in August. Nonetheless, the business has entered FY24 with strong sales, operational momentum and a healthy balance sheet, both of which will help drive organic and inorganic growth going forward.

Updates of a more strategic nature had a mixed response:

- **MedAdvisor** (flat) provided a detailed presentation along with an in-person roadshow from their US based CEO. We found the insights from this meeting particularly encouraging. The strategic update highlighted the many areas of progress over the last 12 months both in integrating the acquisition in Australia but also the digital reach in the US. EBITDA profitability remains the target for FY24 and visibility has improved considerably with >65% of US targeted revenue in FY24 already contracted as compared to 35% this time last year.
- **Premier Investments** (down 2.7%) delivered a very credible FY23 result given tougher macro conditions in 2H23. The Strategic Review has started with updates expected at the AGM and 1H24 result. We believe the focus includes assessing the attractive options for offshore expansion for both Smiggle and Peter Alexander.
- **News Corp** (down 4.7%) announced that Rupert Murdoch (92) will be stepping down as Chairman. This is a logical move in our view while investor focus remains on the Sum-of-Parts valuation for the group.

Stocks with strong results in August drifted lower as people took short term profits despite the strong outlook for names like **Navigator** (down 7.2%), **SRG Global** (down 7.7%), **RPM Global** (down 8.8%) and **Fleetwood** (down 11.7%).

Other names that were likely impacted by reduced liquidity and now look severely oversold included **Envirosuite** (down 23.1%), **GTN** (down 14.0%) and **People Infrastructure** (down 12.9%).

Our basket of resources stocks was generally weaker albeit we are underweight the sector.

We had positive engagement with **Cooper Energy** (flat) during the month and continue to have high conviction in this name.

The Trust finished with 54 positions and cash of 0.6%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	-4.0
Energy	15.3
Materials	-7.7
Industrials	-2.2
Consumer Discretionary	-7.1
Consumer Staples	-1.5
Health Care	-6.8
Financials	-2.9
Real Estate	-7.7
Information Technology	-7.0
Telecommunication Services	1.0



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

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