

	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)	-8.2	-13.9	-9.8	-16.1	-21.8	-5.5	-0.8	3.0	3.9	7.7
S&P/ASX Small Ordinaries Accumulation Index	-5.5	-10.5	-7.3	-5.1	-12.0	0.5	2.5	4.2	4.3	5.2
<b>Value Added</b>	<b>-2.7</b>	<b>-3.4</b>	<b>-2.5</b>	<b>-11.0</b>	<b>-9.8</b>	<b>-6.0</b>	<b>-3.3</b>	<b>-1.2</b>	<b>-0.4</b>	<b>2.5</b>

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

## Overview

The Trust was down 8.2% compared to the Index which was down 5.5%. For reference, the Small Industrial benchmark was down 7.0% for the month.

Financials markets were clearly in a risk-off mode again with long term bond rates moving higher and geopolitical tension increasing. Market sentiment shifted materially with less liquid names sold off despite solid fundamentals.

A case in point was the sell-off in names such as MedAdvisor, Qoria and Navigator despite quarterly updates that were well ahead of market expectations. In the months ahead, we expect investors to re-visit these names and begin to re-rate them inline with the significant improvement in the businesses which has occurred this year.

Engagement with our portfolio companies was elevated again in October with AGM season providing us an opportunity to discuss strategic matters with directors and get another lens into the prospects for the company. This level of engagement can add significant value and we were able to influence positive changes at the board and strategically for several companies.

The value in the portfolio looks the most appealing it has in many years. The portfolio-average PE ratio of 10.5x remains at a sizeable discount to the index which is 16.4x for FY24 (with 45% of the portfolio in companies with net cash on the balance sheet).

## 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 \$81 million

### Distribution Frequency

Half yearly

### Minimum Initial Investment

\$25,000

### Trust Inception Date

March 2002

### Fees

1.20% p.a. + Performance fee

### APIR Code

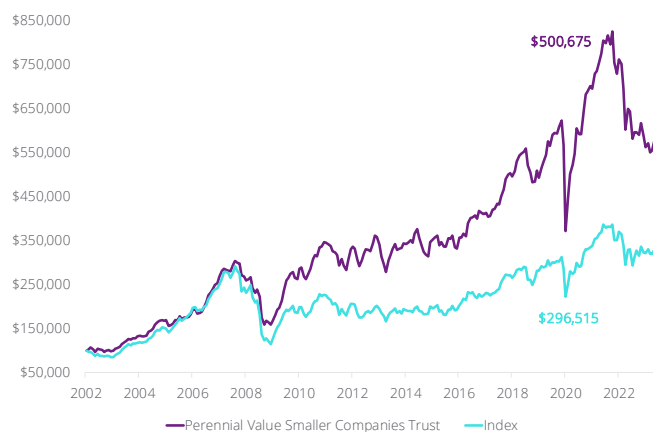
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Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	10.5	16.4
Price to Free Cash Flow (x)	7.1	14.4
Gross Yield (%)	4.3	4.2
Price to NTA (x)	2.0	2.2

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

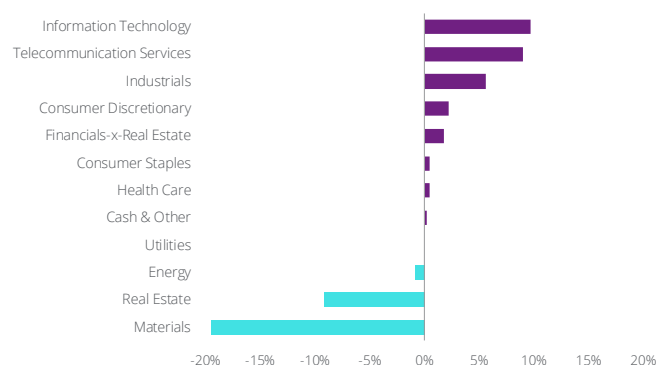
## Growth of \$100,000 Since Inception



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 (%)
RPMGLOBAL HOLDINGS LTD	5.5	0.0
COOPER ENERGY LTD	4.5	0.1
EXPERIENCE CO LTD	4.3	0.0
QORIA LTD	4.2	0.0
SUPERLOOP LTD	4.0	0.0
NAVIGATOR GLOBAL INVESTMENTS LTD	3.3	0.0
ALLIANCE AVIATION SERVICES LTD	3.2	0.0
FLIGHT CENTRE TRAVEL GROUP LTD	3.2	1.5
ENERO GROUP LTD	3.0	0.0
ACROW FORMWORK AND CON LTD	2.9	0.0

## Sector Active Exposure vs Index



## Trust Review

Given the market backdrop, gold stocks (**GMD** +5.4% and **BGL** +4.3%) were the strongest performers followed by defensives such as **Kelsian** (+5.1%).

Stocks the market responded positively to during the month were:

- **Smartgroup** (+3.6%) after a trading update from listed peer McMillan Shakespeare (not held) which highlighted 28% growth in Novated lease unit sales in 1Q24. EV sales (now 36% of unit sales) were the driver and we expect the theme to continue.
- **News Corp** (+3.1%) rebounded after a US-based activist shareholder was vocal in seeking ways to close the gap between the share price and the higher Sum of the Parts Valuation.

Negative reactions to updates which we viewed as positive are discussed below. In all cases, we added to our holding on weakness with the moves more reflective of poor sentiment towards smaller names than fundamentals:

- **Event Limited** (down 5.5%) provided a 1Q trading update in line with expectations. While acknowledging the current Hollywood actors strike presents uncertainty for cinemas, the current share price is actually implying a negative value for the operating businesses given the property value of \$2.3bn versus a market cap of \$1.7bn.
- **Superloop** (down 8.3%) traded lower as the good underlying business momentum continues to be overshadowed by the recent M&A uncertainty. With the competing bid being confirmed at month end, we suspect this distraction will now be removed.
- **GUD** (down 9.6%) pulled back despite an AGM update highlighting resilience in the core Automotive parts business and continued improvement in APG. With the weaker share price, we added to our existing position.
- **EQT** (down 10.6%) provided a strong trading update at its recent AGM, with solid growth in funds under management, supervision and administration across its business segments. Positively, the business also spoke to elevated levels of activity within its sales pipeline, which should help underpin organic earnings growth into 2H24 and beyond.
- **Navigator** (down 12.3%) despite positive FUM growth and a new Australian based CEO being announced.
- **MedAdvisor** (down 17.4%) reported 27.0% organic revenue growth and a 30.8% increase in gross profit, as well as high visibility for US revenues for the remainder of the year (>79% contracted).
- **Cooper Energy** (down 20.0%) as the market focused on the BMG abandonment program instead of the steadily improving production at the Orbus Gas plant during the month.
- **Qoria** (down 22.4%) reported 27% growth in recurring revenues, positive cashflow and reiterated EBITDA profitability over the next 12 months.

We continue to build conviction in our portfolio through extensive site and customer visits. A case in point was our visit to the UK during the month to assess prospects for the growth in the UK-based divisions of **Envirosuite**, **Qoria** and **DUG**. In all cases the UK/European based sales are the largest for the group and yet investor interactions are limited. Through meeting the local management and some key customers we learnt of recent regulations driving demand for both **Qoria** (increased obligations of monitoring students while online in UK schools) and **Envirosuite** (a new five-year noise monitoring program for UK's largest airports). We also met with the UK acquisition target of **Microba**. The stock was sold off heavily (down 38.2%) given a poorly handled capital raise to fund the acquisition. However, looking through this noise the acquisition seems logical and provides a good niche in the large UK market.

The Trust finished with 54 positions and cash of 0.2%.

## Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	-5.5
Energy	-7.3
Materials	-3.4
Industrials	-5.5
Consumer Discretionary	-8.6
Consumer Staples	-1.4
Health Care	-10.5
Financials	-12.4
Real Estate	-6.5
Information Technology	-7.0
Telecommunication Services	-9.0



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

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