

	Since inception^ (% p.a.)	10 Years (% p.a.)	7 Years (% p.a.)	5 Years (% p.a.)	3 Years (% p.a.)	1 Year (%)	FYTD (%)	Quarter (%)	Month (%)
Perennial Value Smaller Companies Trust (Net)	8.4	5.7	4.9	3.7	-5.7	-6.2	4.4	15.7	2.0
S&P/ASX Small Ordinaries Accumulation Index	5.8	6.4	6.4	5.4	1.3	2.1	7.4	15.8	0.9
<b>Value Added</b>	<b>2.6</b>	<b>-0.7</b>	<b>-1.5</b>	<b>-1.7</b>	<b>-7.0</b>	<b>-8.3</b>	<b>-3.0</b>	<b>-0.1</b>	<b>1.1</b>

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

## Overview

The Trust was up 2.0% compared to the Index which was up 0.9%. After a negative start to the month the Index recovered continuing the positive momentum seen since November for Small Caps.

The main theme to the Trust's outperformance in January was improved interest in lower market cap names outside the ASX300 (which is where the Small Ords Index cuts off).

We have positioned the Trust with a meaningful exposure to this basket of stocks given the significant value opportunity for contrarian investors. Investors are now moving down the market cap spectrum and discovering the strong value on offer. For example:

- MedAdvisor attracted new investors given an impressive quarterly which highlighted strong revenue growth and significant cashflow. While this was alluded to in the December update, the market only responded once the formal numbers were announced.
- Navigator Global Investments reported growth in assets under management and solid performance for the December quarter. The company also moved to full ownership of their strategic assets portfolio and in doing so simplified the earnings picture for investors

There are several lower market cap names in the portfolio which are yet to have a similar broad investor response. We expect this to occur as positive earnings improvements are delivered over CY24.

The Trust has attractive fundamental characteristics with the companies held growing faster than the market but with a lower valuation and less debt on average compared to the Index. We look forward to further fundamental updates in February reporting season.

## 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

### APIR Code

IOF0214AU

### Distribution Frequency

Half yearly

### Minimum Initial Investment

\$25,000

### Trust Inception Date

March 2002

### Fees

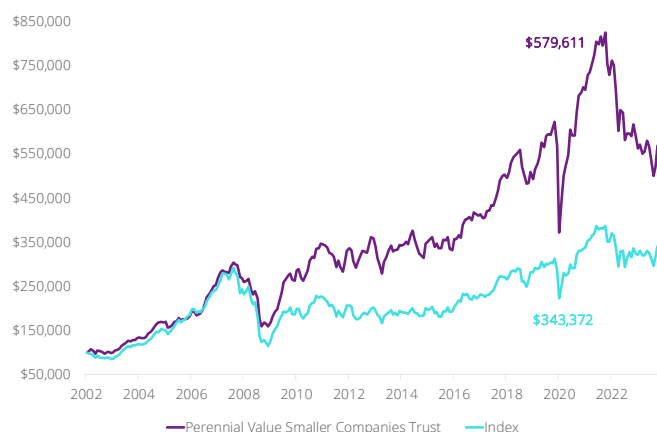
1.20% p.a. + Performance fee

Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	13.1	18.2
Price to Free Cash Flow (x)	9.0	13.1
Gross Yield (%)	3.4	3.4
Price to NTA (x)	1.6	2.8

Source: \*Perennial Value Management as at 31 January 2024. \*\*FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 31 January 2024.

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.

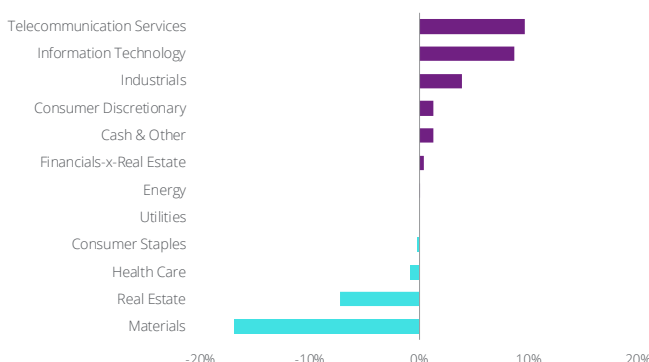
## Growth of \$100,000 Since Inception



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 (%)
QORIA LTD	5.1	0.0
COOPER ENERGY LTD	4.7	0.1
SUPERLOOP LTD	4.0	0.0
ACROW FORMWORK AND CON LTD	3.9	0.0
GTN LTD	3.3	0.0
NAVIGATOR GLOBAL INVESTMENTS LTD	3.3	0.0
EXERIENCE CO LTD	3.3	0.0
MEDADVISOR LTD	3.2	0.0
FLIGHT CENTRE TRAVEL GROUP LTD	3.2	1.5
ALLIANCE AVIATION SERVICES LTD	3.0	0.0

## Sector Active Exposure vs Index



## Trust Review

Company updates began to trickle through in January with quarterly updates for some microcaps and resources companies. Highlights were:

- **MedAdvisor** (+30.2%) attracted new investors given an impressive quarterly which highlighted strong revenue growth (+18%) and significant cashflow (+\$15.2m). While this was alluded to in the December update, the market only responded once the formal numbers were announced.
- **Envirosuite** (+15.4%) announced \$3.1m new sales for the December quarter. The company's annual recurring revenue is up 5.6% over the prior year to \$60.1m. EVS re-affirmed it would be cashflow positive on a run rate basis during FY24.
- **Navigator Global Investments** (+8.7%) reported growth in assets under management and solid performance for the December quarter. The company also moved to full ownership of their strategic assets portfolio and in doing so simplified the earnings picture for investors
- **Qoria Limited** (down 14.3%) announced continued solid recurring revenue growth for the December quarter with ARR up \$3.7m (pre-forex) to \$106m. The UK was the biggest growth driver following increased regulatory requirements for student monitoring. The company also generated positive operating CF for the half, a significant improvement on the prior year. While the stock was down this likely reflects profit taking given several strong months prior to this. We remain patient given the strong trends which we should see in the March quarter (key UK sales period) and the June quarter (key US sales period)

Several stocks moved high reflecting sector trends rather than company-specific news, for example:

- **Smartgroup** (up 11.4%) following a competitor trading update (Fleet Partners - not held) highlighting 39% growth in new business written for novated leases. Strong take up of electric vehicles continues to drive strong growth in novated leases which is Smartgroup's largest exposure.
- **Monash IVF** (up 10.4%) was supported by better-than-expected Medicare data with industry IVF cycles up 8.8% YoY in December. Monash is well positioned to benefit given strong demand trends, combined with market share gains.

**Cooper Energy** (flat over the month) was volatile but in the end was able to hold onto recent gains despite an increase in costs for their decommissioning project. The market instead focused on improved earnings and production in their existing assets.

We began to add to both our oil and gas as well as our copper exposure in the Trust, committing to new positions via a block trade and a placement respectively. We will discuss these new positions more in the coming months.

The Trust finished with 59 positions and cash of 1.3%.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	0.9
Energy	8.2
Materials	-6.5
Industrials	-0.3
Consumer Discretionary	0.8
Consumer Staples	5.9
Health Care	-1.4
Financials	2.9
Real Estate	-2.1
Information Technology	2.8
Telecommunication Services	-1.4



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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