

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	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)	3.9	15.5	8.5	2.5	-5.0	3.4	5.6	5.8	8.5
S&P/ASX Small Ordinaries Accumulation Index	1.7	10.1	9.2	7.8	1.4	4.4	6.5	6.1	5.9
<b>Value Added</b>	<b>2.2</b>	<b>5.4</b>	<b>-0.7</b>	<b>-5.3</b>	<b>-6.4</b>	<b>-1.0</b>	<b>-0.9</b>	<b>-0.3</b>	<b>2.6</b>

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

## Overview

The Trust was up 3.9% ahead of the benchmark which was up 1.7%.

The pleasing performance reflects the strong fundamental earnings updates delivered by our key holdings during February reporting season. Investors responded to this news which pushed shares higher, whereas in the prior two years this was either ignored or the initial bounce was seen as a source of liquidity and sold into.

This is an important shift in sentiment and suggests a return to a stock pickers market as compared to the macro dominated markets of the prior two years.

The more settled macro backdrop has also shifted sentiment amongst corporates with a notable pickup in M&A activity. The Trust benefitted from this with a takeover bid for both CSR and Superloop.

On the earnings front, Superloop delivered a very strong result as did RPM Global, Bravura, G8 Education, Acrow and MedAdvisor.

Less well understood but strong results for Alliance Aviation and Flight Centre provided an opportunity to add to our position in each providing a source of potential future returns.

We remain comfortable with the positioning of the Trust with superior growth forecast\* when compared to the Index, strong balance sheets (44% net cash) and a low earnings multiple (11.1x PE in FY25).

*\*Based on Perennial Value Management Forecasts. While due care has been used in the preparation of forecasts information, actual outcomes may vary in a materially positive or negative manner.*

## 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 soon to be listed 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.

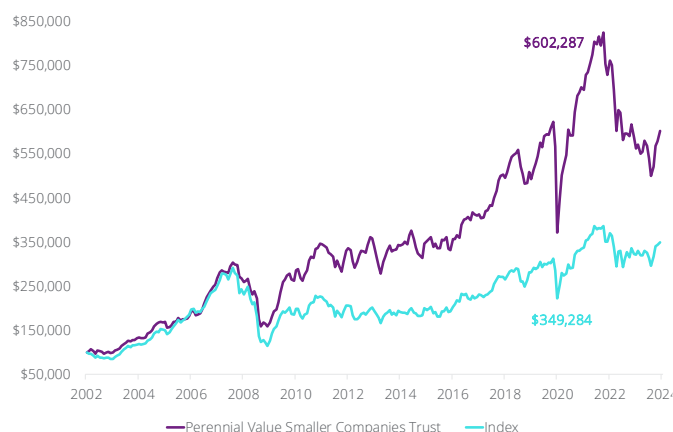
<b>Portfolio Managers</b>	<b>APIR Code</b>
Andrew Smith, Julian Guido & Marco Correia	IOF0214AU
<b>Distribution Frequency</b>	<b>Minimum Initial Investment</b>
Half yearly	\$25,000
<b>Trust Inception Date</b>	<b>Fees</b>
March 2002	1.20% p.a. + Performance fee

Portfolio Characteristics – FY24	Trust*	Index**
Price to Earnings (x)	12.9	19.4
Price to Free Cash Flow (x)	11.3	14.9
Gross Yield (%)	3.4	3.2
Price to NTA (x)	1.6	2.9

**Source:** \*Perennial Value Management as at 29 February 2024. \*\*FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 29 February 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.

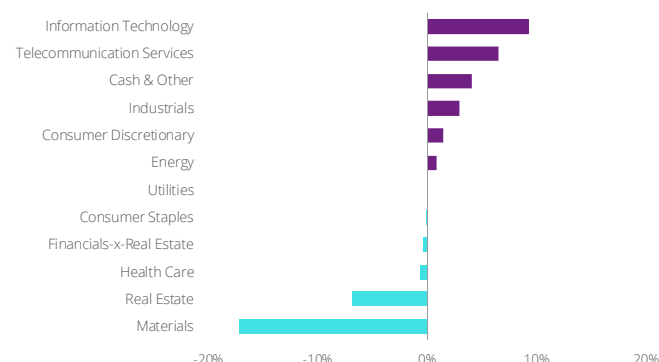
## Growth of \$100,000 Since Inception



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	4.1	0.2
ACROW FORMWORK AND CON LTD	4.0	0.0
ALLIANCE AVIATION SERVICES LTD	3.8	0.0
MEDADVISOR LTD	3.5	0.0
GTN LTD	3.2	0.0
EXPERIENCE CO LTD	3.0	0.0
FLIGHT CENTRE TRAVEL GROUP LTD	2.9	1.5
NAVIGATOR GLOBAL INVESTMENTS LTD	2.9	0.0
ENERO GROUP LTD	2.8	0.0

## Sector Active Exposure vs Index



Trust Review

**Superloop** (+46.8%) performed well during the month after announcing both a strong set of interim results and the receipt of an indicative takeover offer from telco peer Aussie Broadband. We are encouraged by Superloop's robust operational performance as well as improved industry dynamics in the broader telco sector.

**CSR** (+27.2%) rose after receiving a takeover bid from French based Saint-Gobain (Eur 36bn Market Cap). Concerns on Australian starts have made CSR an unpopular investment choice, so it was very pleasing to see global companies recognise the same strategic value we have identified in the domestic market.

Other notable profit results included:

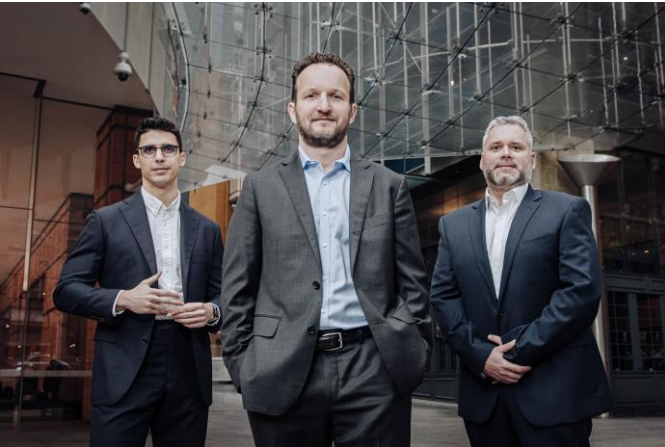
- **DUG Technology** (+25.6%) announced a 45% increase in their order book, some of which started to appear in the 1H24 revenue (+23%). However, the costs of meeting this high demand was elevated in the 1H given the need to use third-party computing power. Pleasingly, this drops away in future periods as DUG's own investment in increased computing power is delivered (the first of which arrived in December). Hence, we believe the best earnings are still ahead for DUG.
- **RPM Global** (+24.4%) delivered an 89% improvement in EBITDA and 20% revenue growth as the shift to subscription software gained momentum.
- **G8 education** (+19.3%) rallied despite already pre-releasing results back in December. Importantly this month, the company showed improved occupancy and centre network optimisation which is attracting more investor interest to one of our contrarian ideas.
- **Acrow** (+15.1%) delivered a 24% improvement in earnings per share and 28% revenue growth, demonstrating their ability to invest in and expand new engineering solutions and make very accretive acquisitions.
- **MedAdvisor** (+12.5%) reported revenue growth of 17.8% and normalised EBITDA of \$10.4m (a 20.9% improvement). Visibility is high for the US division in the 2H24 and there are multiple growth avenues for the combined businesses.
- **SRG Global** (+12.3%) reported a strong recovery in cash conversion (to 133% of earnings) and a 33% increase in EBITDA. Future visibility is also improved with work in hand growing 27%.
- **Cooper Energy** (+11.5%) as gas production from its 100% owned Orbost Gas Plant in Victoria continued to tick up. They also reported steady progress on its offshore decommissioning work in the Gippsland Basin.
- **Universal** (+10.6%) demonstrated strong execution abilities on both gross margins and cost control despite a challenged retail sector. The "Perfect Stranger" format has again been validated with roll-out plans now accelerated and represents a unique growth opportunity versus other retailers.

**Alliance Aviation** (down 13.7%) despite a 90% lift in EBITDA and 28% growth in revenue. The market was clearly focused on auditor comments re the commitments for future purchases in the context of the current banking facility. What this is missing is the committed plane purchases are phased over the coming two years and are at very attractive prices, with these assets now in high demand. We believe it is highly likely these assets are leased or sold on delivery providing a higher earnings base in which to conclude a larger banking facility for the remaining purchases.

The Trust finished with 59 positions and cash of 4.0%.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	1.7
Energy	-7.0
Materials	-1.2
Industrials	11.5
Consumer Discretionary	3.7
Consumer Staples	-2.1
Health Care	4.0
Financials	1.0
Real Estate	-1.7
Information Technology	15.8
Telecommunication Services	-1.3



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

Invest Online Now

Contact us

Level 27, 88 Phillip Street  
Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate, its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet, application forms and target market determination can be found on Perennial's website [www.perennial.net.au](http://www.perennial.net.au). Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.