

	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)	1.1	11.5	16.4	13.2	-4.0	4.5	6.9	6.5	8.8
S&P/ASX Small Ordinaries Accumulation Index	-3.1	3.3	10.9	7.4	0.0	3.9	6.4	6.5	5.9
Value Added	4.2	8.2	5.5	5.8	-4.0	0.6	0.5	0.0	2.9

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

Overview

The Trust was up 1.1%, well ahead of the benchmark which was down 3.1%.

Markets sold off as expectations for interest rate cuts were pushed out following signs of persistent inflation in Australia. The Trust was already positioned for a slower path to interest rate cuts and thus had a low exposure to interest rate sensitivity sectors such as REITs and Consumer names. There was also several stock specific factors helping performance.

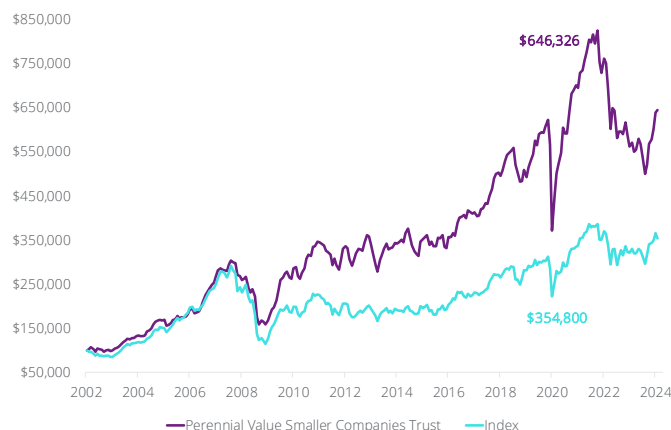
Qoria was up 48.3% after Perennial and another investor entered into a call option agreement with K1 Investment Management regarding their indicative takeover offer (subsequently rejected by the board). Pleasingly, Qoria announced a strong quarterly result soon after the approach which generated further investor interest.

We are also observing continued investor interest in well priced and growing Industrials just outside the ASX300 (which had previously been neglected). For example, Navigator, RPM Global, Alliance Aviation and MedAdvisor were all up over 8% despite the weak market back drop.

We remain comfortable with the positioning of the Trust with superior growth forecasts* when compared to the Index, strong balance sheets (44% net cash) and a low earnings multiple (12.0x PE).

*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.

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 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.

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

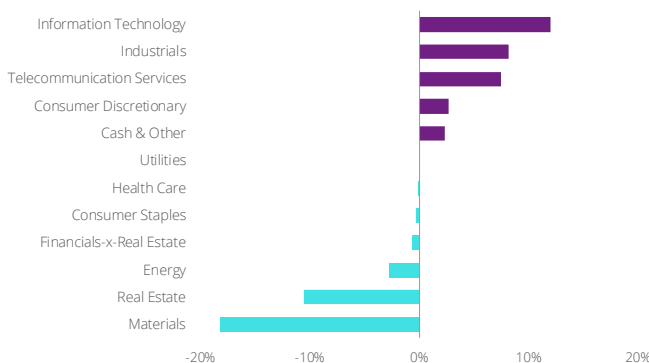
Portfolio Characteristics – FY25	Trust*	Index**
Price to Earnings (x)	12.0	15.1
Price to Free Cash Flow (x)	9.6	12.3
Gross Yield (%)	3.7	3.8
Price to NTA (x)	1.8	2.4

Source: *Perennial Value Management as at 30 April 2024. **FactSet, Goldman Sachs, Macquarie Securities and UBS forecast as at 30 April 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.

Top 10 Positions	Trust (%)	Index (%)
QORIA LTD	7.6	0.0
ALLIANCE AVIATION SERVICES LTD	4.2	0.0
ACROW FORMWORK AND CON LTD	4.1	0.0
GTN LTD	3.1	0.0
ENERO GROUP LTD	2.8	0.0
EXPERIENCE CO LTD	2.7	0.0
COOPER ENERGYLTD	2.6	0.0
SUPERLOOP LTD	2.5	0.0
MEDADVISOR LTD	2.5	0.0
DUG TECHNOLOGY LTD	2.3	0.2

Sector Active Exposure vs Index



Trust Review

It is no surprise that **Qoria** (+48.3%) has attracted corporate interest given the strong fundamentals and market dynamics demonstrated in their quarterly update. Annual Recurring Revenue (ARR) was \$112m at March and guidance was given for the first time for June with an ARR target of \$117-\$120m. Confidence was increased for sustainable monthly cash and EBITDA positivity. Wording in this regard shifted to during CY24 rather than during FY25 – optically bringing it forward 6mths. The balance sheet was also improved with divestment of some non-core assets which also enable further cost reductions.

Other outperformers included:

- **Navigator Global Investments** (+12.8%) as they continue to be one of the few fund managers growing AUM which for the March quarter was up 6.5% (after adjusting for ownership of each entity).
- **MedAdvisor** (+9.1%) announced a strong Q3 report, with revenue up 42% and gross profit up 48.5%. The company has 100% of Q4 revenue contracted and a strong pipeline for future growth. We believe there is considerable value to be unlocked, particularly in Australia where there is a very high margin software product commanding >90% market share.
- **Alliance Aviation** (+8.6%) announced it had secured an expanded funding facility with its existing bank ANZ and a new AerCap facility to help fund the purchase of the additional 30 Embraer E190 planes. This demonstrated the aircraft purchases can be funded without an equity raising, allowing the market to focus on the large earnings growth expected as the new planes are rolled out.
- **Fleetwood** (+7.7%) attracted investor attention after a takeover bid for Decmil (not held) at a 76% premium. One of the motives from the acquirer was the valuation upside on Decmil's existing worker accommodation village which has strong relevance for Fleetwood's facility in Karratha (WA).
- **SRG Global** (+5.0%) announced it had secured \$150m of contracts in the Energy, Resources and Transport sectors.

We continue to benefit from our large positioning in stocks outside the ASX 300 which suffered considerably (and indiscriminately) in the sell off from 2022 and from institutional investor redemptions.

We have seen these pressures start to reverse with several stocks up due to increased investor demand but with no newsflow – e.g. **RPM Global** which was up 11.8%.

These positive developments helped offset the drag from more cyclical exposures such as **People Infrastructure** (down 11.8%) and **GUD** (down 12.6%) both of which we remain happy to own.

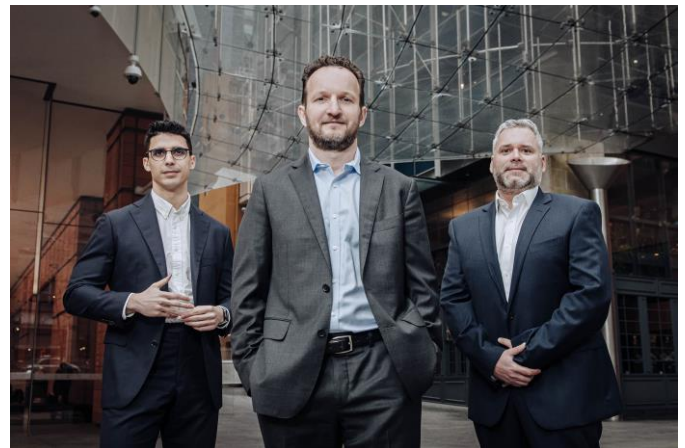
MoneyMe was down 10.4% and we subsequently exited given interest rate sensitivity.

We added to our copper holdings with the addition of **Capstone Copper** and **Metals Acquisition Corp.**

The Trust finished with 66 positions and cash of 2.4%.

Market Review – Australia (%)


S&P/ASX Small Ordinaries Index	-3.1
Energy	-4.0
Materials	3.4
Industrials	-4.6
Consumer Discretionary	-7.7
Consumer Staples	-2.1
Health Care	6.2
Financials	-4.4
Real Estate	-8.3
Information Technology	-2.0
Telecommunication Services	-5.1



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

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