

	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)	-4.3	-3.8	-1.8	27.5	-7.9	1.4	5.1	6.6	8.6
S&P/ASX Small Ordinaries Accumulation Index	0.8	3.8	7.4	26.6	-0.6	4.7	5.7	7.1	6.0
Value Added	-5.1	-7.6	-9.2	0.9	-7.3	-3.3	-0.6	-0.5	2.6

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

Overview

The Trust was down 4.3% net of all fees, compared to the Small Ordinaries Index (the benchmark) which was up 0.8%.

The performance for the month was disappointing given the fall was driven by two of our higher conviction positions – namely MedAdvisor (down 44.7%) and DUG Technology (down 26.5%).

In both cases the first quarter was off to a slower start but both companies remain comfortable with market forecasts for FY25 – hence the share price falls reflect a large de-rating. We attribute this to poor market communications in both cases which created emotional selling. The pipeline of future work for both companies has grown with the slow first quarter reflecting slower conversion of this increased demand rather than anything structural. We bought back some of the position we sold higher in both cases and have engaged with the companies to share strategies to rebuild market sentiment. We believe investors are likely to return as revenue is delivered from the large pipeline of opportunities over the coming year and strategic value is demonstrated.

Flight Centre and OFX also disappointed the market while more encouraging updates from Lark and Genesis Minerals were rewarded by the market.

The Trust has superior growth forecasts* when compared to the Index, strong balance sheets (44% net cash) and a low earnings multiple (12.7x PE on FY26 forecasts).

**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.

Portfolio Managers

Andrew Smith & Julian Guido

APIR Code

IOF0214AU

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2002

Fees

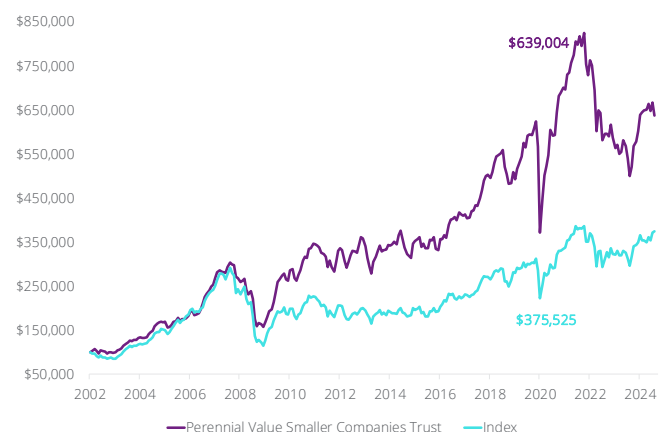
1.20% p.a. + Performance fee

Portfolio Characteristics – FY26	Trust*	Index**
Price to Earnings (x)	12.7	16.4
Price to Free Cash Flow (x)	9.9	13.0
Gross Yield (%)	3.5	3.5
Price to NTA (x)	1.8	2.7

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

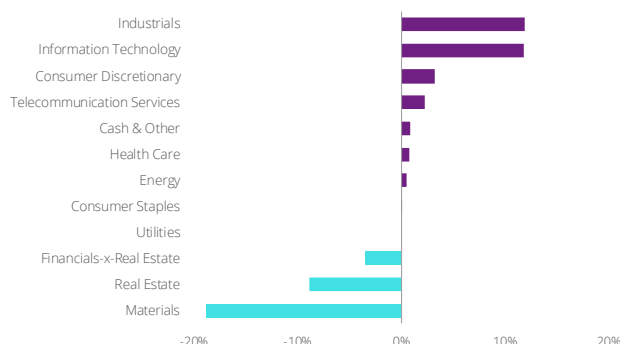
Growth of \$100,000 Since Inception



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	5.6	0.0
DUG TECHNOLOGY LTD	4.8	0.0
ACROW FORMWORK & CON LTD	4.4	0.0
VEEM LTD	4.0	0.0
COOPER ENERGY LTD	3.5	0.2
ALLIANCE AVIATION SERVICES LTD	3.1	0.0
GENETIC SIGNATURES LTD	3.1	0.0
UNIVERSAL STORE HOLDINGS LTD	2.8	0.0
EXPERIENCE CO LTD	2.8	0.0
LARK DISTILLING CO LTD	2.6	0.0

Sector Active Exposure vs Index



Trust Review

DUG Technologies (down 26.5%) provided investors with a mixed bag in their quarterly update:

- Raising capital for long lead items given the large pipeline of demand (pipeline has doubled since June) but which is yet to convert to firm orders
- Reporting a slower first quarter with revenue up 9% but at lower margins as the mix of higher margin projects shifted to the second quarter and thus they still confirmed full year market expectations for earnings
- Reporting strong early interest in new innovative products Elastic MP-FWI (software to speed up data ingestion and extract more detail from raw seismic data) and the mobile data centre solution known as Nomad which has defence and other off-grid applications

While we believe the above could have been communicated better (and the capital raised earlier) this does little to change the improving growth outlook which we believe will be the driver of the share price once this is delivered. As a result we bought a large part of our position back and engaged with the company on areas where they can improve market communications.

MedAdvisor (down 44.7%) likewise poorly communicated a slower quarter with revenue up 3.5% but gross profit down 2.5%. With no general call for investors, they jumped to negative conclusions and overlooked clear positives such as an increase in cash to \$12.3m and still high gross margins of 84.7% in the strategically valuable Australian business. We have engaged with the company to better articulate the strategic value in the business and if we see further progress on this front, we will continue to add back to the position having sold a large portion at 50c only months ago compared to the month end price of 24c.

Flight Centre (down 28.5%) provided a softer than expected Sept quarter update driven by airfare deflation and trading down by corporates. Ironically, airfare deflation is a positive for an uplift in travel volumes and thus we maintain a smaller position on the expectation of a more positive tone at the November AGM.

Lark Distilling was up 20.5% after returning to growth in the quarter (revenue +7%) and with a fully funded balance sheet (\$25.6m cash).

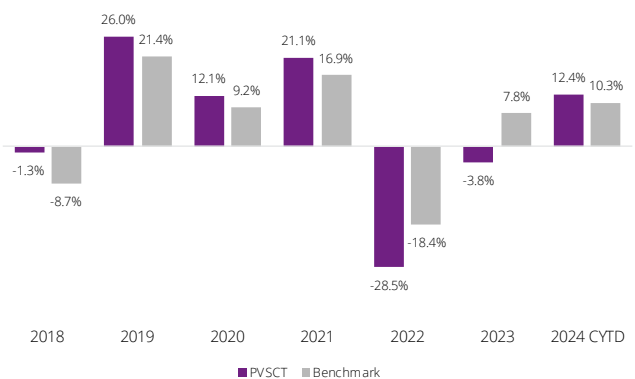
Bauxite miner Metro Mining rallied 23.3% after reporting record production and cash flow for the September quarter. We also note a stronger bauxite price which has continued to tick higher, up 3% over the month.

Fleetwood (+11.1%) announced an agreement with the Saipem Clough JV which now lifts contracted occupancy for their accommodation village in Karratha to 72%. Separately, qualitative AGM commentary at month end suggested results for the 1Q25 were above expectations.

Genetic Signatures seemed to still be off the radar of investors moving up 0.8% despite reporting revenue up 3x on the prior period.

The Trust finished with 58 positions and cash of 0.8%.

Calendar Year Performance vs Benchmark



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.

Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	0.8
Energy	-6.5
Materials	3.4
Industrials	-2.9
Consumer Discretionary	-11.3
Consumer Staples	-5.1
Health Care	-1.4
Financials	7.1
Real Estate	-4.5
Information Technology	2.4
Telecommunication Services	-2.5



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

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