

	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)	-2.3	-4.9	-2.5	11.7	-8.4	0.8	3.8	7.1	8.5
S&P/ASX Small Ordinaries Accumulation Index	-3.1	-1.0	5.5	8.4	-1.6	4.0	4.4	7.3	5.9
Value Added	0.8	-3.9	-8.0	3.3	-6.8	-3.2	-0.6	-0.2	2.6

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

Overview

The Trust was down 2.3% net of all fees, out-performing the Small Ordinaries Index (the benchmark) which was down 3.1%.

The larger fall in the Benchmark was driven by the Materials sector where the Trust is currently underweight given macro concerns.

For the calendar year 2024 the Trust was up 11.7% as compared to the Benchmark which was up a more modest 8.4%.

As a reminder the Trust has a large contrarian position in quality stocks, offering significant value in our view, but which are outside the Index and thus not a beneficiary of the passive buying seen over recent years. This has begun to slowly pay off in CY24 but we see this recovery as a multi-year scenario and the entry of these stocks into the ASX300 Index as the logical final way in which we fully unlock value (e.g. Superloop and RPM Global this year with Qoria looking to be next in line).

However the December quarter was also a reminder of the patience required for stocks on this journey with softer near-term updates for 1H24 earnings from MedAdvisor, Veem and DUG Technology resulting in a sell-off in these names towards the end of the year. Forward demand suggests a much brighter earnings picture for CY25 so these stocks are likely to recover materially if they can demonstrate this in the coming year.

Overall the Trust has superior growth forecasts* when compared to the Index, strong balance sheets (43% net cash) and a low earnings multiple (12.9x PE on FY26 forecasts, a 15% discount to the benchmark).

**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

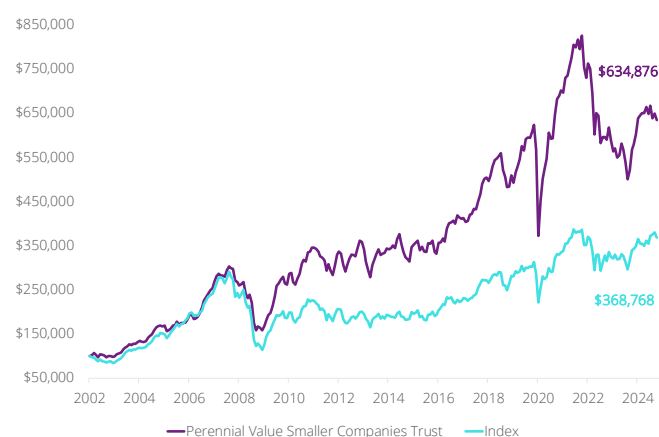
1.20% p.a. + Performance fee

Portfolio Characteristics – FY26	Trust*	Index**
Price to Earnings (x)	12.9	15.2
Price to Free Cash Flow (x)	11.2	12.5
Gross Yield (%)	3.7	3.5
Price to NTA (x)	1.7	2.7

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

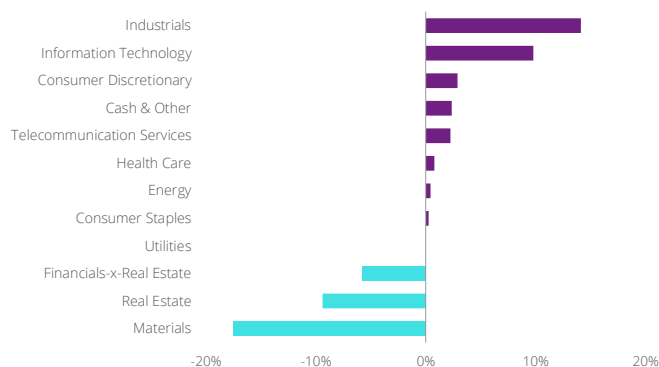
Growth of \$100,000 Since Inception



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	5.9	0.0
ACROW FORMWORK & CON LTD	4.9	0.0
ALLIANCE AVIATION SERVICES LTD	4.1	0.0
DUG TECHNOLOGY LTD	3.8	0.0
AMPLITUDE ENERGY LTD	3.6	0.2
VEEM LTD	3.5	0.0
UNIVERSAL STORE HOLDINGS LTD	3.2	0.0
GENETIC SIGNATURES LTD	3.1	0.0
LARK DISTILLING CO. LTD	2.9	0.0
MEDADVISOR LTD	2.7	0.0

Sector Active Exposure vs Index



Trust Review

Relative performance in December was assisted by:

- **Microba** (+14.7%) had a delayed positive response to the strong trading update provided at the end of November. This update highlighted strong volumes of MetaXplore sales with strong doctor referrals
- **Amplitude Energy** (+13.9%) on the back of higher spot gas prices and steady production. We believe the move in gas prices represents the early ripples of a domestic gas deficit in CY25/26, at which point LNG imports will be required to balance the market.
- **People Infrastructure** (+7.7%) continued its recovery from an oversold position with more director buying in December following the AGM update in November (which highlighted stronger cash generation and debt reduction)
- **Hancock & Gore** (+4.6%) also benefitted from director buying during the month following a full year result announced in November and an early trading update from the recent acquisition
- Director buying was noticeable across several other stocks including **DUG Technology**, **Experience Co** and **Genetic Signatures**
- **Newscorp** (+1.0%) after announcing the sale of Foxtel for a price well ahead of market expectations

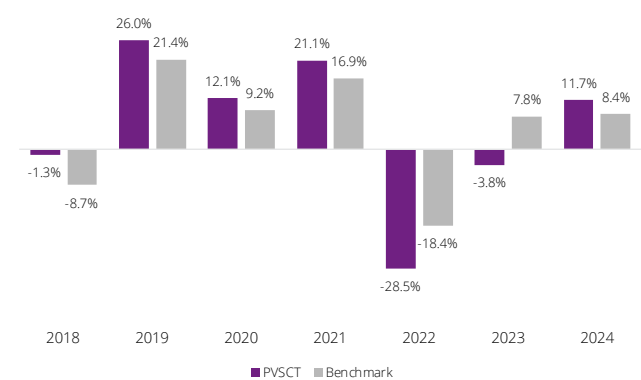
Laggards for the month include:

- **MedAdvisor** (down 27.4%) with the US division being impacted by lower vaccination rates and the resulting drop in advertising revenue. By contrast the pipeline for the 2H25 is strong and the Australian business continues to perform to expectations (and is in our opinion grossly undervalued given the high market share and recurring revenues in this division)
- **DUG Technology** (down 16.5%) continued to drift lower post the recent capital raise. While there was no news there was director buying which was encouraging and they are a logical beneficiary of Trump's pro-oil stance which we expect to lead to higher demand in coming months
- **Veem** (down 10.0%) after a 1H25 trading update which was below prior guidance. The outlook provided for the 2H25 and future years however was much more positive so it appears to just be timing issues that are expected to impact the 1H

The weakness in the Materials sector impacted Mac Copper and Capstone Copper (down 12.2% and 6.7% respectively).

The Trust finished with 55 positions and cash of 2.3%.

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.



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

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