

# The Perennial Value Microcap Opportunities Trust

## About the Trust

The Microcap Opportunities portfolio invests in small and microcap companies which we believe have sustainable operations and whose share prices offer good value. The trust also has the option of investing a modest portion of the portfolio in pre-IPO companies where valuation and growth prospects are compelling.

We require market capitalisation of less than \$500m at the time of investment but may continue to hold a company if it grows beyond this level. As a result, it is likely all companies held will be outside the S&P/ASX Top 100 Index. The cornerstone of this approach is a strong emphasis on company research. The aim is to develop a detailed understanding of each company before committing investors' funds.

## Fund Characteristics

<b>Fund objective</b>	We aim to grow the value of your investment over the long term by investing in a portfolio of Australian microcap 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.
<b>Benchmark</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>Inception Date</b>	February 2017
<b>Fund size</b>	AUD \$178.5 million*
<b>Number of stocks</b>	30 – 70 stocks
<b>Minimum initial investment</b>	\$25,000
<b>Fees (PA)</b>	1.20% +performance fees (15% over the benchmark)
<b>Liquidity</b>	Daily
<b>Risk/Return profile</b>	High
<b>Distribution</b>	Annually
<b>APIR Code</b>	WPC3982AU

## About Perennial Value Management

Perennial Value is an Australian owned, specialist, active investment management firm. Our sole focus is to deliver excellence in funds management through equity ownership and the alignment of interests between investment management staff and our clients.

Equity participation is a key element of Perennial's business model. The investment staff's equity stake in the business means the team are single minded in ensuring delivery of performance ahead of benchmark. At the heart of Perennial's equity ownership structure is the philosophy of aligning our investment professionals' interests with that of our clients.

## Asset Class and Allocation

<b>Australian Listed Shares</b>	60 – 100%
<b>Australian unlisted Shares</b>	0 – 20%
<b>Cash</b>	0 – 20%

## Why Invest in the Microcap Opportunities Trust



### Under researched

- Limited broker research of microcap companies leads to a more inefficient market.



### History of successful investment

- A carve out of our Microcap investments shows 14.2% alpha p.a. over 10yrs\*\*
- Cumulative return of 101.6% since inception (Trust started 1 Feb 2017)\*\*\*



### High growth opportunities

- Capture companies early in their growth cycle
- 12.7% of the fund currently in pre-IPO



### Diverse sector exposure

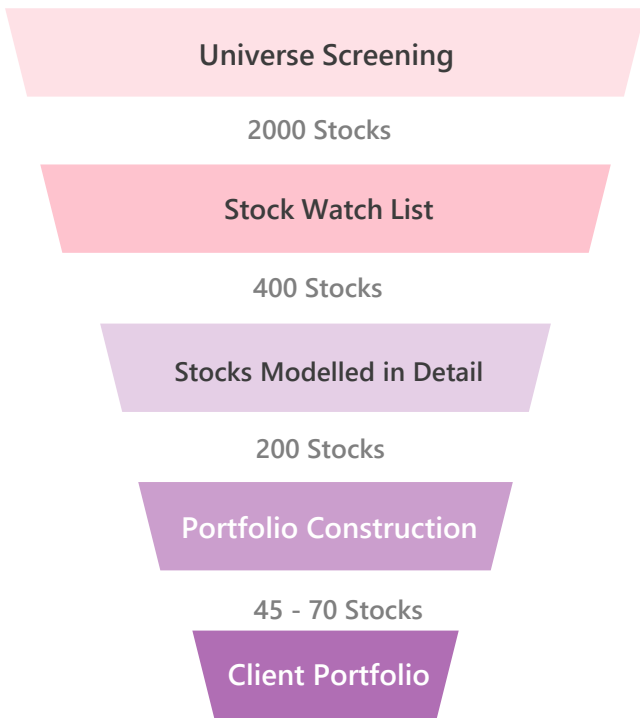
- Large universe allowing access to most sectors

\*Fund size shown is as of end of February 2020.

\*\*Source from Perennial. To calculate this return we extracted 10 years of actual month end data for all Microcap stocks in the Perennial Value Smaller Companies Trust. This is intended only to give a general indication of past decisions and by definition will not be instructive in predicting future performance. This is for research purposes only and may not be shared with any investor without our express permission. Past performance is not a reliable indicator of future performance. Performance before fees is shown.

\*\*\*Return percentage shown is as of end of January 2020.

## Investment Process



### Screening process

- Extensive company visit program
- Screen universe for companies demonstrating good value and strong balance sheet

### 1600 stocks rejected

- Concept stocks
- Poor management
- Poor balance sheets
- Poor track record

### 400 stock watch list

- Solid management
- Good balance sheets
- Good growth prospects

### 200 stocks modelled in detail

- Stocks ranked to determine the best value

### 50 – 60 Stock Portfolio of our best ideas

## Investment Team



### Andrew Smith

Head of Smaller Companies and Micro Caps

Years in Perennial Value: 11.5  
Years in the industry: 17.5



### Julian Guido

Senior Small Caps Analyst

Years in Perennial Value: 3  
Years in the industry: 19



### Samuel Berridge

Portfolio Manager and Resource Analyst

Years in Perennial Value: 8  
Years in the industry: 11



### Damian Cottier

Portfolio Manager and Senior Equities Analyst

Years in Perennial Value: 14.5  
Years in the industry: 14.5



### Steven Yee

Dealer

Years in Perennial Value: 10  
Years in the industry: 16



### Ryan Sohn

Deputy Portfolio Manager

Years in Perennial Value: 1.5  
Years in the industry: 5.5



### Emilie O'Neill

ESG and Equities Analyst

Years in Perennial Value: 0.5  
Years in the industry: 3



### Marco Correia

Equities Analyst

Years in Perennial Value: 0.5  
Years in the industry: 5



### Jasmine Ragg-Kanavas

Assistant Equities Analyst

Years in Perennial Value: 0.5  
Years in the industry: 0.5

## Contact us



Level 27, 88 Phillip Street  
Sydney NSW 2000



1300 730 032



invest@perennial.net.au



www.perennial.net.au