

Perennial Value Smaller Companies Trust

About the Trust

The portfolio invests in a range of smaller listed companies predominantly outside the ASX Top 100 Index which Perennial Value believes have sustainable operations and whose share price offers good value.

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. Typically, the portfolio holds, on average, approximately 60 stocks.

Fund Characteristics

Fund objective	Grow the value of your investment over the long term via a combination of capital growth and by investing in a diversified portfolio of Australian small cap shares predominantly 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.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Inception Date	March 2002
Fund size	AUD \$143.4 million**
Number of stocks	30 – 70 stocks
Minimum initial investment	\$25,000
Fees (PA)	1.20% + performance fee (15% over the benchmark)
Liquidity	Daily
Risk/Return profile	High
Distribution	Half yearly
APIR Code	IOF0214AU

*Excluding performance based fees.

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

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

Australian Equities	90 – 100%
Cash	0 – 10%

Why Invest in the Smaller Companies Trust



Strong research capabilities

- Fully resourced team of 9 – including a Perth based resources analyst
- Significant travel budget to explore opportunities for excess returns
- ~1200 ex-100 company visits in 2019, including overseas visits



Strong alignment of interest

- Small cap executives own 47% of the Smaller Companies business
- Staff have voluntarily invested a substantial amount in funds (at full fees)



Well-resourced team

- Excellent access to brokers, floats and senior executives

Investment Process



Screen for

- \$50 million min. capitalisation
- Concept stocks, high debt, poor management
- Initial screen on metrics offering a better value than market (P/E, dividend yield, int cover)

Conduct company visits & peer reviews

Characteristics sought:

- Sound financial position
- Good management
- Profit track record
- Strong market positions

Six key measures sourced from company models

- P/E
- P/FCF
- P/NTA
- Net interest cover
- Forecast 3yr EPS Growth
- Gross Dividend Yield

Portfolio Investment size then based on a function of:

- Risk Limits
- Liquidity
- Conviction Rating

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



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