

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Active Plus Shares Trust*	-0.4	-0.1	-0.1	-	-	-	-0.3
S&P/ASX 300 Accumulation Index	0.0	0.8	0.8	-	-	-	1.0
Value Added (Deducted)	-0.4	-0.9	-0.9	-	-	-	-1.3
Capital Growth	-0.5	-0.4	-0.4	-	-	-	-0.9
Income Distribution	0.0	0.0	0.0	-	-	-	0.1
Net Performance	-0.5	-0.4	-0.4	-	-	-	-0.8

*Gross Performance. ^Since inception: May 2017. Past performance is not a reliable indicator of future performance.

Perennial Value Active Plus Shares Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a concentrated portfolio of Australian companies and to provide a total return that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Portfolio manager

Dan Bosscher

Risk profile

High

Trust FUM

AUD \$15 million

Distribution frequency

Half yearly

Team FUM

AUD \$5.2 billion

Minimum initial investment

\$25,000

Trust inception date

May 2017

APIR code

WPC6780AU

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- ▶ **Industrials rose 0.3% driven by healthcare and financials.**
- ▶ **Resources declined 1.2% on weaker commodity prices.**

Market Review

Global markets were mixed in September, with the S&P500 (up 1.9%) and Nikkei 225 (up 3.6%) up, while the FTSE100 (down 0.8%) and Shanghai Composite (down 0.4%) declined. Commodity prices were generally weaker, with iron ore down 20.0%, coking coal down 9.0% and copper down 4.0%, while oil rose strongly up 10.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month 1 cent lower at 79 US cents.

The S&P/ASX300 Accumulation Index (the Index) finished flat for the month, with healthcare up 2.3%, energy up 1.1%, financials up 1.1% and information technology up 0.6%. This was offset by falls in telecommunications down 4.5%, utilities down 3.6%, metals & mining down 1.9%, consumer staples down 1.9% and materials down 1.4%.

Trust Review

The Perennial Value Active Plus Shares Trust (the Trust) fell in September by 0.4%.

The better performing stocks in the Trust included Lendlease (up 10.1%), which rose as investors came to appreciate the value in the stock, Clydesdale Bank (up 9.4%), which rallied on expectations of interest rate increases in the UK and Macquarie Group (up 4.7%), which reiterated its full-year guidance which is likely to prove conservative. Other outperformers included Westfield Corp (up 5.5%), Event Hospitality (up 4.7%), Tabcorp (up 3.9%), and Janus Henderson (up 1.8%).

Stocks which detracted from performance included Newcrest (down 7.6%), which fell on the weaker gold price, Gateway Lifestyle (down 6.2%), Graincorp (down 5.4%), AMP (down 5.3%) and Telstra (down 4.9%). Resource holdings also underperformed on the lower commodity prices, with BHP (down 3.9%) and Rio Tinto (down 1.9%) both easing following their recent strong performance.

Trust Activity

During the month we exited our holding in Stockland and Janus Henderson, with proceeds used to add to our holdings in a number of stocks including Event Hospitality, Tabcorp and Westfield. At month end, stock numbers were 22 and cash was 7.4%.

Outlook

While growth in the domestic economy remains subdued and there remains a high level of political uncertainty, the global growth outlook appears to be incrementally improving. Should this continue, the Trust will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources companies as well as in a range of quality industrial and financial companies which are trading on attractive valuations. This scenario would also see continued upwards pressure on interest rates, which would benefit the Trust through its underweight position in the expensive defensive sectors such as healthcare and REITs and infrastructure.

The Trust continues to exhibit Perennial Value's true to label value characteristics, with the Trust offering better value than the overall market on each of our four valuation characteristics: price to earnings, price to free cash flow, gross dividend yield and price to net tangible assets.

As always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Top 10 Holdings

Stock name	Trust weight %	Index weight %
Commonwealth Bank	11.0	8.5
BHP Billiton Limited	8.5	5.4
Westpac Banking Corporation	5.8	7.0
Rio Tinto Limited	4.8	1.8
Telstra Corporation	4.5	2.7
Caltex Australia	4.5	0.5
Lendlease Group	4.5	0.7
Woodside Petroleum	4.3	1.4
National Australia Bank	4.2	5.5
ANZ Banking Group Limited	4.2	5.6

Asset Allocation

Sector	Trust weight %	Index weight %
Energy	8.8	4.4
Materials	17.4	16.9
Industrials	0.0	7.5
Consumer Discretionary	7.8	5.0
Consumer Staples	3.6	7.2
Health Care	0.0	7.0
Financials-x-Real Estate	38.0	36.7
Real Estate	10.2	8.4
Information Technology	0.0	1.6
Telecommunication Services	6.8	3.1
Utilities	0.0	2.1
Cash & Other	7.5	-

Signatory of:



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