

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Active Plus Shares Trust*	-0.3	-1.4	5.3	4.9	-	-	4.6
S&P/ASX300 Accumulation Index Yield	1.2	1.1	9.7	10.0	-	-	9.1
Value Added (Detracted)	-1.5	-2.5	-4.4	-5.1	-	-	-4.5
Net Performance	-0.4	-1.7	4.4	3.8	-	-	3.6

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

Overview

- Increased political uncertainty was a key feature of the month, with the market dealing with a number of concerns including the ongoing US-China trade dispute, tensions over Korea and Iran and then finally the sell-off triggered by the Italian political issues.
- Despite this, the Australian market finished the month up 1.2%, bringing the total return for the last 12 months to 10.0%.
- Offshore markets which were also generally stronger, with the S&P500 up 2.2%, FTSE100 up 2.2%, Shanghai Composite up 0.4% while the Nikkei 225 declined -1.2%.

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/ASX300 Accumulation Index measured on a rolling three-year basis.

Portfolio Manager	Trust FUM
Dan Bosscher	AUD \$16 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
May 2017	0.92%

APIR Code
WPC6780AU

Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	13.9	15.3
Price to Free Cash Flow (x)	12.8	15.4
Gross Yield (%)	6.4	5.9
Price to NTA (x)	1.9	2.3

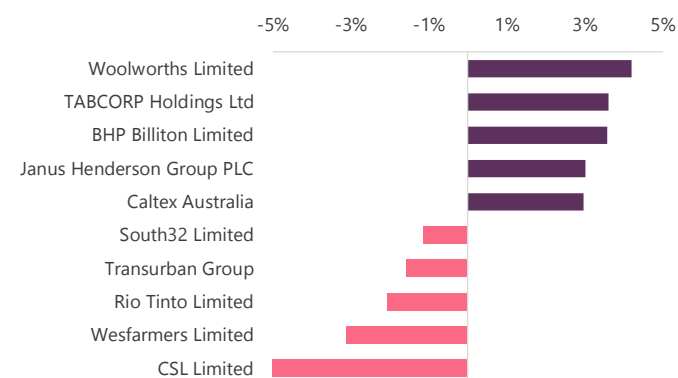
Source: Perennial Value Management. As at 31 May 2018.

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.

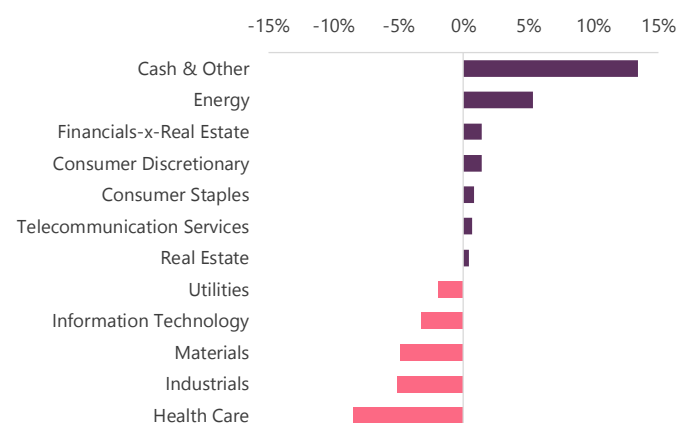
Trust Thematics

Trust Thematics	Exposure
Aussie Consumer	No Harvey Norman or JB Hifi
Reflation Trade	Woodside, BHP and QBE
Defensive Hedge	Newcrest Mining, high cash
Boosters	MQG, ANZ, & AMP Calls
Short US10 Yr. Bond	No Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Better performing holdings over the month included BHP (+5.9%) which rose on the back of the higher oil price. Macquarie Group (+8.1%) performed strongly after delivering a solid FY18 profit result which saw earnings up 15.0% and dividends up 12.0%. In our view, this business has numerous growth drivers and is particularly well-placed to benefit from the global growth in renewable energy investment.

Also outperforming was Lendlease (+5.0%) benefiting from its strong global pipeline of large scale urban regeneration projects.

Detracting from performance was Graincorp (-10.1%) which declined on concerns over the current seasonal outlook, and Telstra (-11.9%) which fell after indicating that it expects full-year profits to be at the lower end of its previous range (+5.9%).

Trust Activity

During the month, we took profits and reduced our holdings in BHP. Proceeds were used to increase our holdings in a number of good value opportunities including QBE and Scentre Group. We sold our holding in Westfield Corp as the takeover became certain and exited our remaining position in AMP given the high level of uncertainty around the business.

Outlook

While the level of volatility in markets is likely to increase going forward, driven by factors such as recent political rhetoric around trade policy, the global economic backdrop continues to be positive, with all major regions delivering improved growth. While the domestic economy has been subdued, recent data is increasingly positive. 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.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+1.2
Energy	+0.4
Materials	+2.0
Industrials	+1.2
Consumer Discretionary	+5.3
Health Care	+5.5
Financials-x-Real Estate	-0.1
Real Estate	+3.0
Information Technology	+2.0
Telecommunication Services	-10.1
Utilities	+1.0

Global, Currency & Commodities (%)

S&P500	+2.2
Nikkei225	-1.2
FTSE100	+2.2
Shanghai Composite	+0.4
RBA Cash Rate	1.50
AUD / USD	+0.2
Iron Ore	-2.3
Oil	+2.3
Gold	-1.3
Copper	-0.3

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