

	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*	1.5	4.7	1.5	9.7	-	-	8.2
S&P/ASX300 Accumulation Index Yield	1.3	5.8	1.3	14.7	-	-	11.8
Value Added (Detracted)	0.2	-1.1	0.2	-5.0	-	-	-3.6
Net Performance	1.4	4.4	1.4	8.6	-	-	7.1

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

Overview

- The Australian stock market continued its rise, delivering a return of 1.3% for the month of July, bringing the total return for the last 12 months to a healthy 14.7%.
- The market was led higher by the Industrials, up 1.6% with the major banks continuing to recover, while the Resources were largely flat.
- Offshore markets were also positive, with the S&P500 up 3.6%, FTSE100 up 1.5%, Nikkei 225 up 1.1% and Shanghai Composite up 1.0%.

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	Strategy FUM
Dan Bosscher	AUD \$80 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)	14.4	15.9
Price to Free Cash Flow (x)	13.2	15.5
Gross Yield (%)	6.0	5.7
Price to NTA (x)	2.0	2.4

Source: Perennial Value Management. As at 31 July 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

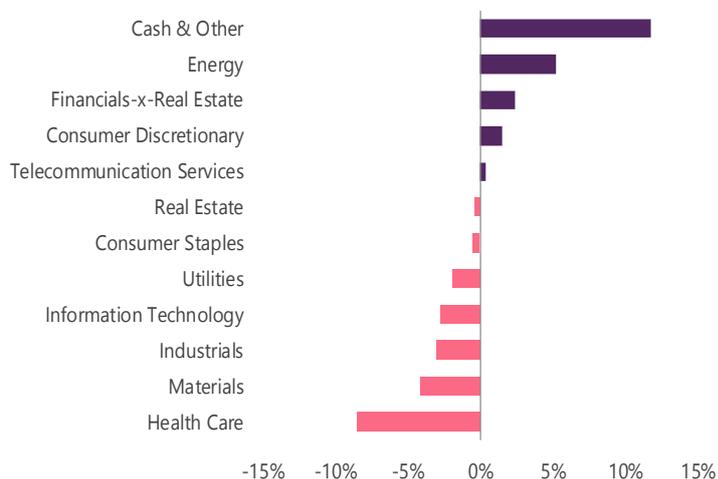
Exposure

Aussie Consumer	No Harvey Norman or JB Hifi
Reflation Trade	Woodside, BHP and QBE
Defensive Hedge	Newcrest Mining, high cash
Boosters	MQG, ANZ, & FMG 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 (+2.8%), which outperformed after announcing the sale of its US shale oil operations for US\$10.8bn. The sale represents an important step in BHP refocussing on its core operations in iron ore, copper, coal and conventional petroleum. Given the already strong balance sheet, the bulk of the sale proceeds will be returned to investors through a combination of higher dividends and buy-backs.

The major banks also outperformed, delivering an average return of +2.6%. Sentiment towards the sector is still negative due to the combination of the Royal Commission and concerns around the outlook for the housing market. However, while the growth outlook for the banks is definitely very muted, they are trading on attractive valuations and offering compelling dividend yields.

Other stocks which outperformed included Tabcorp (+4.7%) and Vocus Group (+4.3%).

The main detractor from performance included Graincorp (-3.5%), which fell due to the current drought conditions in Australia. While this stock is subject to seasonal variability, it is very cheap on the basis of normalised earnings. Other detractors over the month were NewsCorp (-2.6%), Origin Energy (-2.6%) and Woolworths (-1.4%), all of which eased after recent strong performances.

Outlook

Despite the ongoing negative political atmosphere, the economic backdrop continues to be positive, both domestically and offshore, with healthy growth and low unemployment in most major regions. This is supportive of ongoing moderate corporate earnings growth, healthy resources demand and financial system stability. The portfolio is exposed to this dynamic through its positions in the large-cap, low-cost resource stocks, the major banks and a range of quality industrials. We continue to avoid those sectors of the market where valuations are high and those which are exposed to the risk of rising interest rates such as Healthcare, REITs and Infrastructure.

The portfolio continues to exhibit Perennial Value's true to label value characteristics, with the portfolio 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.

Trust Activity

During the month, we took profits and trimmed our holding in a number of stocks which had performed strongly over recent times including BHP and Woolworths and sold out of Amcor, Incitec Pivot and Stockland. Proceeds were used to introduce Qantas and GPT into the Trust. At month end, stock numbers were 26 and cash was 7.9%.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+1.3
Energy	+1.2
Materials	-0.3
Industrials	+3.2
Consumer Discretionary	+1.8
Health Care	+2.2
Financials-x-Real Estate	+2.0
Real Estate	+1.0
Information Technology	-1.1
Telecommunication Services	+7.6
Utilities	-1.4

Global, Currency & Commodities (%)

S&P500	+3.6
Nikkei225	+1.1
FTSE100	+1.5
Shanghai Composite	+1.0
RBA Cash Rate	1.50
AUD / USD	+0.6
Iron Ore	+3.8
Oil	-6.5
Gold	-2.3
Copper	-4.5

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