

	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*	-1.8	3.1	-0.4	8.2	-	-	6.1
S&P/ASX300 Accumulation Index Yield	1.4	6.0	2.7	15.4	-	-	12.1
Value Added (Detracted)	-3.2	-2.9	-3.1	-7.2	-	-	-6.0
Net Performance	-1.9	2.8	-0.5	7.2	-	-	5.1

*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 1.4% for the month of August, bringing the total return for the last 12 months to a healthy 15.4%.
- The highlight of the month was the company reporting season, with the overall market delivering earnings per share growth of approximately 8.0% for FY18.
- Offshore markets were mixed, with the S&P500 up 3.0% and the Nikkei 225 up 1.4%, while the FTSE100 was down 4.1% and Shanghai Composite was down 5.3%.

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

APIR Code
WPC6780AU

Portfolio Characteristics – FY19	Trust	Index
Price to Earnings (x)	14.4	16.0
Price to Free Cash Flow (x)	12.4	15.4
Gross Yield (%)	6.2	5.7
Price to NTA (x)	2.1	2.5

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

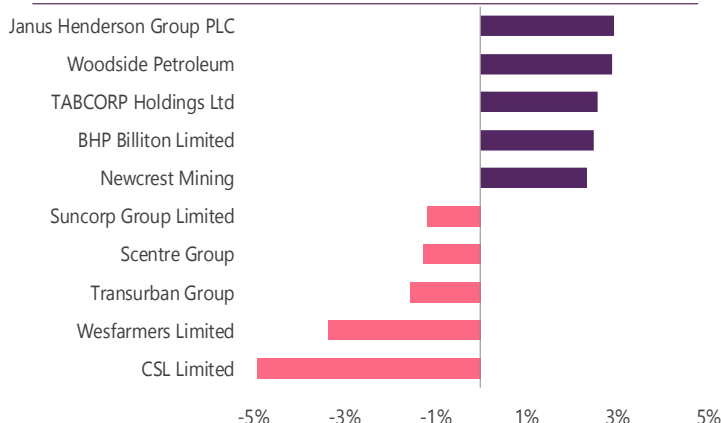
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Thematics

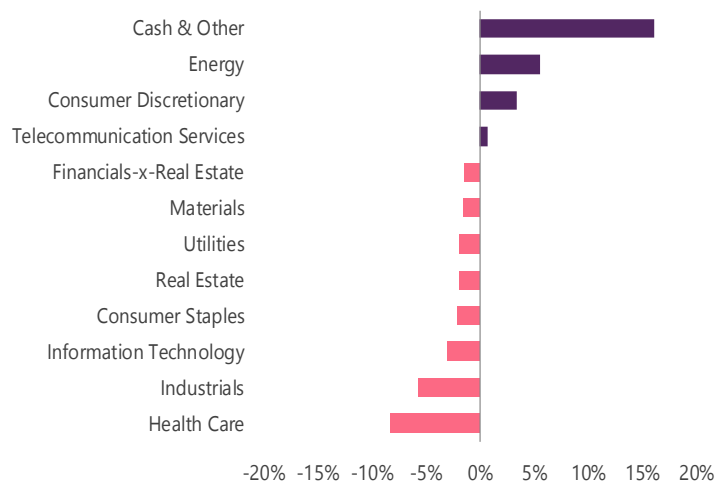
Exposure

Aussie Consumer	No Harvey Norman or JB Hifi
Reflation Trade	Woodside, BHP and QBE
Defensive Hedge	LLC puts, high cash
Boosters	BHP & FMG Calls
Short US10 Yr. Bond	Underweight Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Holdings which performed well over the month included Vocus Communications (+18.3%), which rallied as the market gained confidence in the turnaround strategy under its new CEO. Telstra (+13.0%) rose on the news of a merger between competitors TPG and Hutchison Australia, the operator of the Vodafone network. While the merger will create a stronger third player, it is expected to be significantly better for the competitive dynamic than if TPG had become a fourth entrant in the mobile market. QBE (+11.2%) rallied as the business continues to be streamlined. Star Entertainment (+11.3%) outperformed after reporting a strong increase in International VIP business. The major banks underperformed slightly, as CBA (-1.7%) delivered a subdued result and sentiment continues to be impacted by the Royal Commission, while resources stocks were generally softer on trade and tariff concerns.

The main detractors from performance were Origin Energy (-18.6%) which fell after flagging increasing competitive pressure in its energy division, Janus Henderson (-10.0%) after announcing the departure of its well regarded CEO and Newcrest (-9.7%) on the lower gold price. The Trust was also impacted in a relative sense by being underweight very expensive stocks such as CSL and A2 Milk, both of which are trading on over 35x one year forward earnings.

Outlook

Reporting season showed a healthy level of growth with market EPS up 8.0%. There continues to be increasing dispersion between high multiple versus low multiple returns. According to UBS, the highest PE names in Australia have outperformed the lowest PE names by 25.0% this calendar year. This has proven difficult for value managers. The Trust currently has a PE multiple 11.0% lower than the market.

As said, 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.

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 Woolworths, BHP and Qantas. Proceeds were used to increase our holdings in a number of good value opportunities including Amcor and Star Entertainment Group.

At month end, stock numbers were 27 and cash was 9.2%.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+1.4
Energy	-1.2
Materials	-4.9
Industrials	+3.3
Consumer Discretionary	+3.6
Health Care	+10.4
Financials-x-Real Estate	+0.0
Real Estate	+2.6
Information Technology	+12.2
Telecommunication Services	+13.0
Utilities	+0.6

Global, Currency & Commodities (%)

S&P500	+3.0
Nikkei225	+1.4
FTSE100	-4.1
Shanghai Composite	-5.3
RBA Cash Rate	1.50
AUD / USD	-2.7
Iron Ore	-2.2
Oil	+4.3
Gold	-1.7
Copper	-6.4

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