

	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 (Net) #	4.5	-1.1	-5.8	-5.1	-	-	-
Active Plus Shares – Strategy in Perennial Value Australian Shares Trust (Net) ^	-	-	-	-	7.7	-	3.7
S&P/ASX300 Accumulation Index	3.9	1.4	-3.4	1.1	10.0	-	5.9
Value Added (Detracted)	0.6	-2.5	-2.4	-6.2	-2.3	-	-2.2

^Strategy inception: May 2014. #Trust inception date May 2017. The Perennial Value Active Plus Shares Trust has been operating since May 2014. To give a longer term view of our performance in this asset class, we have shown longer returns for the Strategy in the Perennial Value Active Plus Shares Trust. The Strategy has identical investments and fees. Past performance is not a reliable indicator of future performance.

Overview

- The Trust performed well in January outperforming by 0.6%.
- Global markets rebounded strongly in January, with the S&P500 +7.9%, FTSE 100 +3.6%, Nikkei 225 +3.8% and Shanghai Composite +3.6%.
- The Australian market also performed strongly, finishing the month +3.9%, bringing the total return for the last 12 months back to a positive +1.1%.
- The rally was broad-based, with both cyclical and defensive sectors rising and financials the only sector to deliver a negative return.
- The market is currently trading close to its long-term average, with a FY20 P/E ratio of 14.4x and offering an attractive gross dividend yield of over 6.0%, presenting many very good value opportunities.

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 \$15 million
Distribution Frequency Half yearly	Minimum Initial Investment \$25,000
Trust Inception Date May 2017	Strategy Inception Date May 2014
APIR Code WPC6780AU	Fees 0.92%

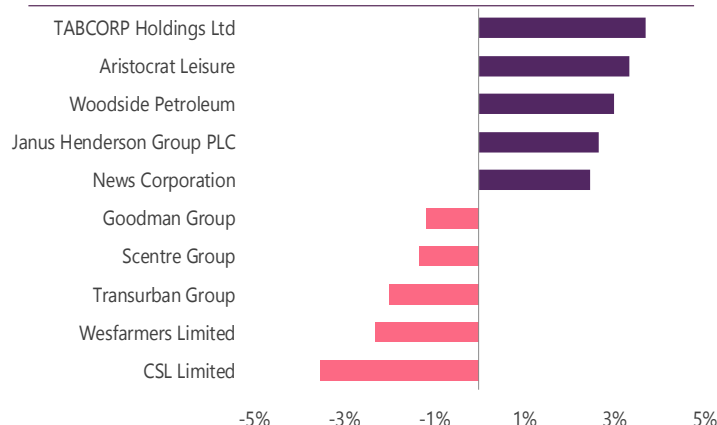
Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	12.7	14.4
Price to Free Cash Flow (x)	12.1	14.4
Gross Yield (%)	6.9	6.3
Price to NTA (x)	2.0	2.2

Source: Perennial Value Management. As at 31 January 2019.

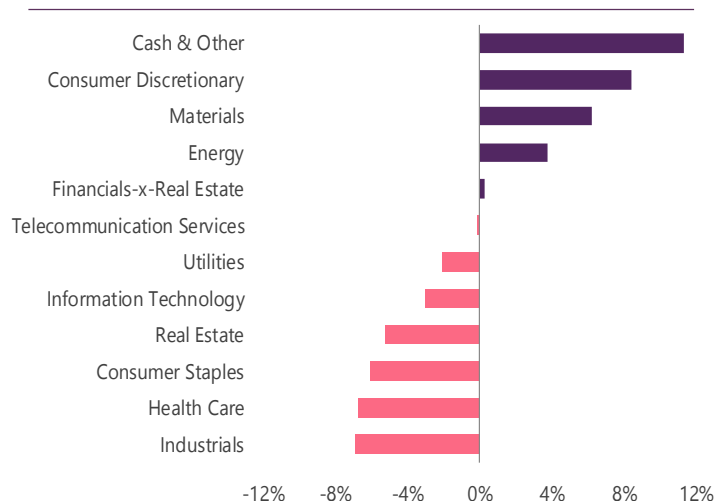
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Themes	Exposure
Short Aussie Consumer	No Harvey Norman or JB Hifi
Long Inflation	Woodside, BHP
Long Defensive Hedge	NCM, high cash
Short US10 Yr. Bond	Underweight Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Global markets rallied strongly during January as investors started the new year in positive spirits. The Australian market also performed very well over the month to close up +3.9%.

The rally was broad-based including the REIT (+6.0%) and Healthcare (Cochlear+11.4%, CSL+5.2%) sectors, both of which the Trust is overweight on valuation grounds. The major banks were softer, declining an average of -1.0% as the final report from the Royal Commission approached.

The Resources sector (+9.1%) led the way, driven by strong performances from Rio Tinto (+10.9%) and BHP (+5.9%), on the back of ongoing resilience in the iron ore price. The Trust remains overweight this sector (also overweight Iluka Resources (+14.2%)) and we fell less bearish than some on China given the stimulus we have seen there.

Another stock which delivered a strong quarterly update was Newcrest Mining (+12.2%). Energy stock holdings also performed well as the oil price recovered, with Woodside Petroleum (+9.6%) and Origin Energy (+10.7%). Mining services holdings Worley (+21.5%), also rallied in anticipation of increasing activity levels in the resources sector.

Tabcorp (+8.4%) rallied on expectations of a strong result from its lotteries business and Macquarie Group (+7.2%) rose as sentiment to markets improved.

Stocks which detracted from performance included Star Entertainment (-2.6%) where the market seems somewhat concerned about consumer spend in a weak housing market. We are less worried as gaming is a resilient sector.

Trust Activity

During the month, we increased our holding in Aristocrat, which is trading on an attractive valuation, with an FY19 P/E of 18x. We see shorter term upside after the sell of in the last quarter of 2018 and a solid outlook for their land based casino operations in particular.

We also added Alumina Ltd to the portfolio which we see benefiting from high margins, free cash flow and a strong balance sheet trading on a cheap 11x FY19 PE.

At month end we hold 27 stocks.

Outlook

The market is currently trading close to its long-term average, with a FY20 P/E ratio of 14.4x and offering an attractive gross dividend yield of over 6.0%.

Within the overall market, we are seeing many quality companies trading on attractive valuations which should deliver solid returns to investors from these levels.

By contrast, there remain pockets of expensive growth and momentum style stocks which present significant de-rating risks if the lofty growth rates implied in their valuations are not able to be met. We do not hold these types of stocks as they do not meet our value criteria.

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	+3.9
Energy	+11.5
Materials	+7.0
Industrials	+3.4
Consumer Discretionary	+4.3
Health Care	+3.9
Financials-x-Real Estate	-0.3
Real Estate	+6.0
Information Technology	+8.8
Telecommunication Services	+7.7
Utilities	+5.9

Global, Currency & Commodities (%)

S&P500	+7.9
Nikkei225	+3.8
FTSE100	+3.6
Shanghai Composite	+3.6
RBA Cash Rate	1.50
AUD / USD	+3.6
Iron Ore	+17.5
Oil	+15.0
Gold	+3.0
Copper	+5.8

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