

	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) #	2.3	4.2	4.7	8.2	-	-	-
Active Plus Shares – Strategy in Perennial Value Australian Shares Trust (Net) ^	-	-	-	-	8.6	5.7	5.6
S&P/ASX300 Accumulation Index	1.7	5.0	7.5	10.9	10.6	7.8	7.8
Value Added (Detracted)	0.6	-0.8	-2.8	-2.7	-2.0	-2.1	-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 had a good month performing well in both stock picking and the protection portfolio.
- Global equity markets were weak during May, with the S&P500 -6.6%, FTSE 100 -3.5%, Nikkei 225 -7.4% and Shanghai Composite -5.8%.
- The Australian market was relatively strong, finishing the month +1.7%.
- The Communication Services (+7.1%), Healthcare (+3.5%) and Materials (+3.1%) sectors led the way while the Consumer Staples (-4.2%), Energy (-3.8%) and Information Technology (-3.1%) sectors lagged.

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 \$17 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%

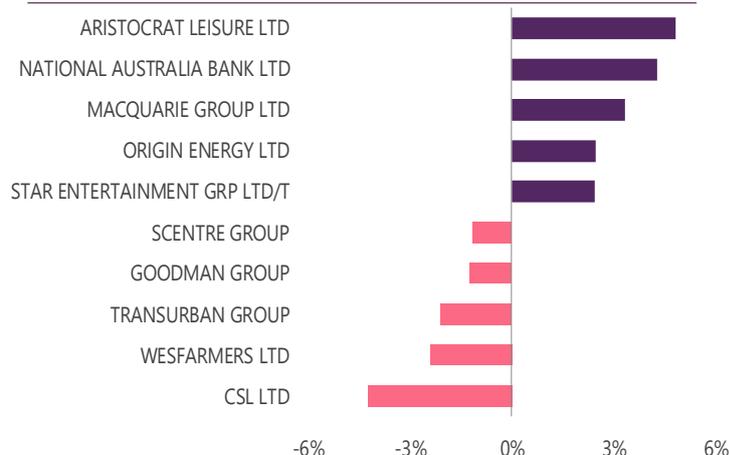
Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	13.6	15.8
Price to Free Cash Flow (x)	12.6	15.3
Gross Yield (%)	6.5	5.6
Price to NTA (x)	2.0	2.4

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

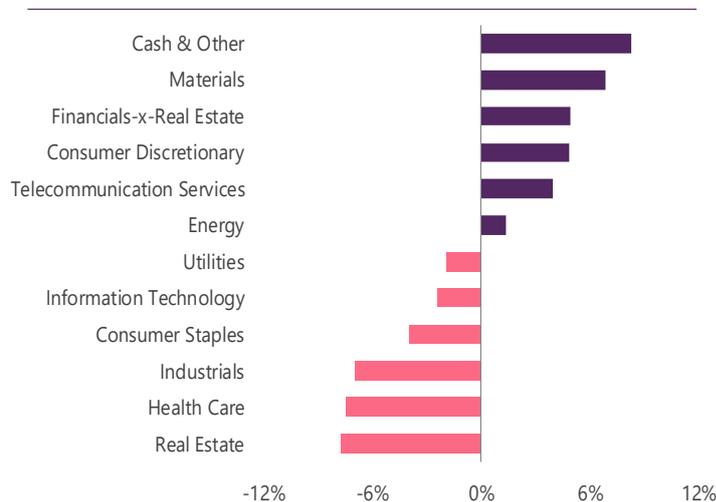
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Themes	Exposure
Mild Aussie Consumer	Long OML only
Long Inflation	Woodside, BHP, RIO
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

During May, global markets were weaker on the back of increased trade tensions following the announcement by President Trump of further US tariffs on China and Mexico. The Australian market outperformed global markets, with the benchmark S&P/ASX 300 Accumulation Index finishing up 1.7%. The Communication Services (+7.1%), Healthcare (+3.5%) and Materials (+3.1%) sectors led the way while the Consumer Staples (-4.2%), Energy (-3.8%) and Information Technology (-3.1%) sectors lagged.

The market was boosted by the unexpected Coalition federal election victory and APRA indicating that it is considering lowering the minimum interest rate that banks must consider when assessing a borrower's ability to service a loan, which should make it easier for borrowers to obtain housing finance.

The Trust's bank exposures reacted positively to the election result and proposed APRA changes. NAB was the strongest performer (+7.8%) with the other banks also outperforming – ANZ (+5.4%), CBA (+5.4%) and Westpac (+3.2%). In the more uncertain trade environment the Trust's gold exposure performed well with Newcrest Mining up strongly (+8.8%).

Other key contributors to performance during the month were Aristocrat Leisure (+12.5%) which delivered a strong half year result with earnings per share growth of 17.0% and Ooh Media (+12.2%) which reconfirmed earnings guidance at the company's annual general meeting.

A key detractor for the month was CYBG plc (-12.3%) which fell on Brexit concerns. In our view, the price fall was disproportionate relative to the significance of the earnings impact and we continue to hold on the basis that it continues to represent good value at current levels.

Trust Activity

During the month, we exited our holdings in Amcor, Super Retail Group and Bluescope steel. We added South 32 Ltd and Ooh Media.

At month end the Trust held 26 stocks.

Outlook

The market is currently trading slightly above its long-term average, with a FY20 P/E of 15.8x and offering an attractive gross dividend yield of 5.6%.

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	+1.7
Energy	-3.8
Materials	+3.1
Industrials	+0.2
Consumer Discretionary	+2.0
Health Care	+3.5
Financials-x-Real Estate	+2.6
Real Estate	+2.3
Information Technology	-3.1
Telecommunication Services	+7.1
Utilities	-0.6

Global, Currency & Commodities (%)

S&P500	-6.6
Nikkei225	-7.4
FTSE100	-3.5
Shanghai Composite	-5.8
RBA Cash Rate	1.50
AUD / USD	-1.6
Iron Ore	+8.9
Oil	-11.4
Gold	+1.7
Copper	-9.1

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