

	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) #	3.7	8.3	8.6	8.6	-	-	-
Active Plus Shares – Strategy in Perennial Value Australian Shares Trust (Net) ^	-	-	-	-	11.4	6.8	6.3
S&P/ASX300 Accumulation Index	3.6	8.1	11.4	11.4	12.8	8.9	8.4
Value Added (Detracted)	0.1	0.2	-2.8	-2.8	-1.4	-2.1	-2.1

^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 outperforming the benchmark.
- Central Bank easing and the prospects of a trade thaw following the G20 meeting, saw global equity markets rally strongly in June, with the S&P500 +6.9%, FTSE 100 +3.7%, Nikkei 225 +3.3% and Shanghai Composite +2.8%.
- The Australian market also performed strongly, finishing the month +3.6%, with both industrials and resources contributing positively.
- Resources (+7.7%) led the market higher, on the back of strong iron ore and gold prices, while Healthcare (+4.4%) and REITs (+4.2%) both rallied on the fall in bond yields. Consumer Discretionary (-1.5%) was the only sector to record a negative return.

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 \$18 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%

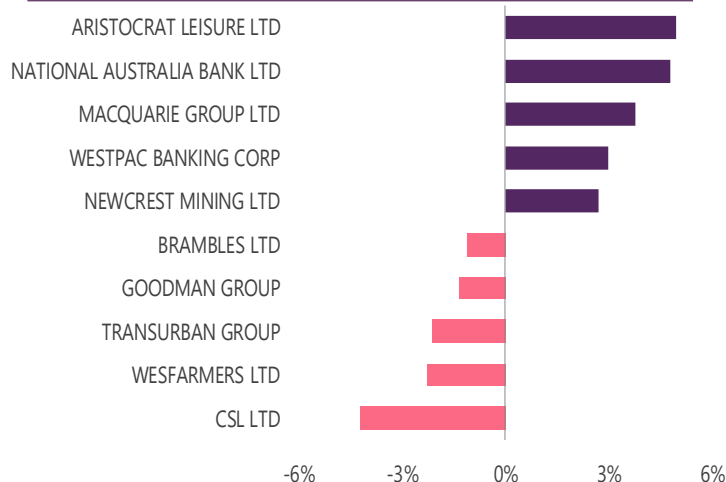
Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	14.1	15.9
Price to Free Cash Flow (x)	12.5	15.3
Gross Yield (%)	6.2	5.4
Price to NTA (x)	2.0	2.5

Source: Perennial Value Management. As at 30 June 2019.

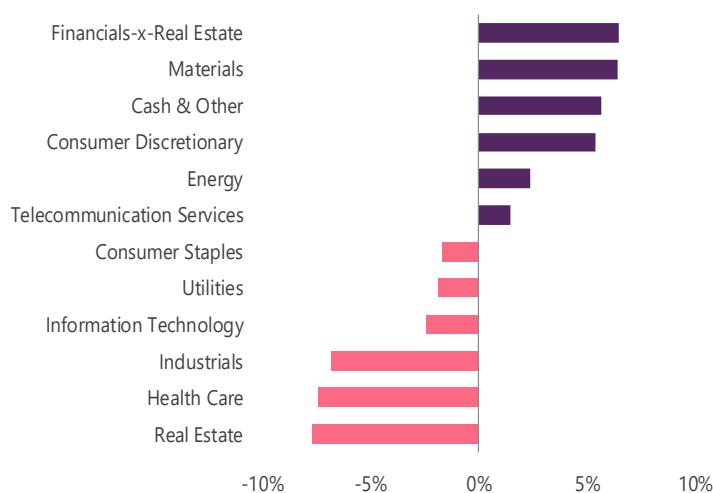
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Thematics	Exposure
Mild Aussie Consumer	Long OML only
Long Resources	Woodside, BHP, S32
Long Defensive Hedge	NCM
Short US10 Yr. Bond	Underweight Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The most notable event of the month was widely-anticipated 25bp rate cut by the RBA, as Australia falls into line with other developed economies and adopts more accommodative monetary policy in order to support the economy in the face of increased geopolitical risks around trade disputes and Brexit. On the domestic front however, while growth has slowed, there are signs the housing market has stabilised and the resources sector continues to go from strength to strength on the back of strong demand for iron ore in a supply-constrained market as well as a very strong gold price. We remain materially overweight resources and gold, although we are holding put spreads here to protect from a correction.

Against this backdrop, stocks which performed well included Newcrest (+17.4%) and Ausdrill (+24.6%), which provides services to the gold sector. Iluka Resources (+10.6%) and BHP (+9.0%) also performed well, while News Corp (+14.4%), rallied after announcing a review of its US marketing business. This was taken positively by the market as a step towards unlocking the significant latent value in the group.

Stocks which detracted from performance included Star Entertainment (-7.8%) and oOh! Media (-7.8%). We continue to hold these stocks on the basis that they have solid medium-term prospects and represent good value at current levels.

Trust Activity

During the month, we exited our holdings in Alumina. We added Mineral Resources, James Hardie and Graincorp.

At month end the Trust held 28 stocks.

Outlook

The market is currently trading slightly above its long-term average, with a FY20 P/E of 15.9x and offering an attractive gross dividend yield of 5.4%.

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	+3.6
Energy	+2.2
Materials	+6.2
Industrials	+5.6
Consumer Discretionary	-1.5
Health Care	+4.4
Financials-x-Real Estate	+3.4
Real Estate	+4.2
Information Technology	+1.1
Telecommunication Services	+2.2
Utilities	+3.1

Global, Currency & Commodities (%)

S&P500	+6.9
Nikkei225	+3.3
FTSE100	+3.7
Shanghai Composite	+2.8
RBA Cash Rate	1.25
AUD / USD	+1.3
Iron Ore	+14.2
Oil	+3.2
Gold	+8.0
Copper	+2.8

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