

	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) #	-2.8	3.1	-0.6	8.5	-	-	-
Active Plus Shares – Strategy in Perennial Value Australian Shares Trust (Net) ^	-	-	-	-	8.7	5.6	6.0
S&P/ASX300 Accumulation Index	-2.3	4.3	0.6	9.1	11.3	7.9	8.3
Value Added (Detracted)	-0.5	-1.2	-1.2	-0.6	-2.6	-2.3	-2.3

^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

- Macro concerns around trade wars saw global markets fall in August, with the S&P500 -1.8%, FTSE 100 -5.0%, Nikkei 225 -3.8% and the Shanghai Composite -1.6%.
- The Australian market also fell, finishing the month down -2.3%, despite the reporting season seeing many companies deliver solid results, against a relatively subdued backdrop.
- Defensive sectors outperformed with Healthcare (+3.4%), REITs (+1.3%) and Consumer Staples (+0.1%), while cyclical sectors such as Metals and Mining (-8.0%), Energy (-5.6%) and Financials (-2.6%) lagged.
- The Trust has moved to a more defensive stance over the month.

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.

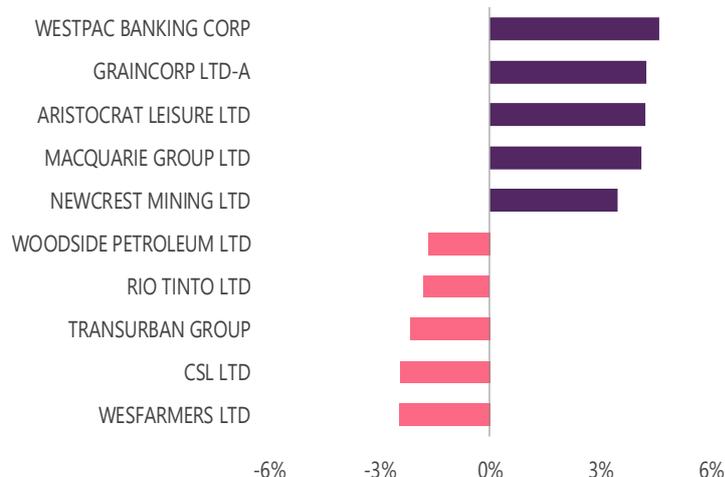
Portfolio Manager Dan Bosscher	Trust FUM AUD \$17 million
Distribution Frequency Half yearly	Minimum Initial Investment \$25,000
Trust Inception Date May 2017	Strategy Inception Date May 2014
APIR Code WPC6780AU	Fees 0.92%

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	14.4	16.0
Price to Free Cash Flow (x)	14.7	15.4
Gross Yield (%)	6.0	5.7
Price to NTA (x)	2.0	2.5

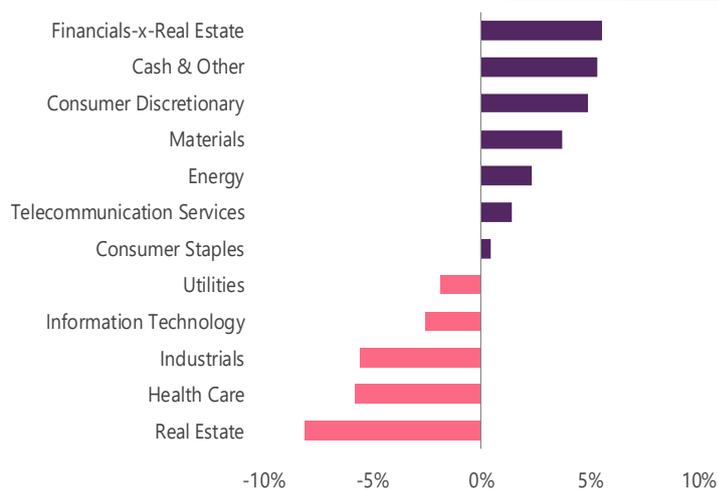
Source: Perennial Value Management. As at 31 August 2019
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Themes	Exposure
Mild Aussie Consumer	No consumer stocks
Long Energy	Origin, Santos
Long Defensive Hedge	NCM
Short US10 Yr. Bond	Underweight REITs / Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Following several strong months of performance, trade war concerns and other macro risks caught up with global markets in August. Most major markets sold off over the month, with the S&P500 -1.8%, FTSE100 -5.0%, Nikkei 225 -3.8% and the Shanghai Composite -1.6%.

The Australian market was not immune, with the ASX300 Accumulation Index finishing the month down -2.3%. These macro factors were the dominant influence on the market over the month, with risk aversion and falling bond yields leading to strong performances of the defensive parts of the market. This saw outperformance of sectors such as Healthcare (+3.4%), and REITs (+1.3%), which rallied despite their already very expensive valuations. By contrast, the more cyclical parts of the market were sold off, with Metals and Mining (-8.0%), and Financials (-2.6%) lagging.

While macro uncertainty dominated markets during the month, at the micro level, the reporting season highlighted that many companies continue to perform well, growing earnings and increasing dividends. Many Trust holdings delivered strong results, including James Hardie (+13.4%), which rallied on strong growth and margins in its key US business. This is a large overweight position and is our only exposure to the building materials sector, preferring its US exposure. By contrast, Boral (-15.0%), which is not held, fell sharply on Australian construction market weakness.

Other strong performers included Tabcorp (+7.3%), on a strong result driven by the lotteries business, NewsCorp (+7.1%), after indicating an increased focus on realising the latent value in its media asset portfolio. oOh media (-30.5%) was the key detractor in the month after a poor guidance announcement. We no longer hold this name.

Trust Activity

During the month, we exited our holdings in Bluescope, Brambles and oOh media.

At month end the Trust held 22 stocks.

Outlook

The market is currently trading slightly above its long-term average, with a FY20 P/E of 16.0x and offering an attractive gross dividend yield of 5.7%.

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	-2.3
Energy	-5.6
Materials	-7.3
Industrials	-2.5
Consumer Discretionary	+0.6
Health Care	+3.4
Financials-x-Real Estate	-2.6
Real Estate	+1.3
Information Technology	+0.7
Telecommunication Services	-3.2
Utilities	-2.2

Global, Currency & Commodities (%)

S&P500	-1.8
Nikkei225	-3.8
FTSE100	-5.0
Shanghai Composite	-1.6
RBA Cash Rate	1.00
AUD / USD	-2.2
Iron Ore	-28.9
Oil	-7.3
Gold	+7.5
Copper	-4.7

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