

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	2 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Active Plus Shares Trust (Net)	-0.7	-0.9	1.3	15.5	-	-	6.9
S&P/ASX300 Accumulation Index	-0.4	-0.8	2.2	19.5	-	-	10.8
Value Added (Detracted)	-0.3	-0.1	-0.9	-4.0	-	-	-3.9

Trust inception: May 2017. Past performance is not a reliable indicator of future performance.

Overview

- The S&P/ASX300 Accumulation Index returned of -0.4%, outperforming the Trust return of -0.7%.
- Value, as a style, underperformed in a market which was dominated by the expensive momentum and defensive sectors such as Healthcare and REITs, which we remain underweight on the basis of valuation.
- Holdings which contributed positively included Clydesdale Bank (+24.5%), showing its leverage to any improvement in sentiment towards a Brexit outcome and Iluka Resources (+17.6%) on speculation they may demerger their iron ore royalty stream.
- Stocks which detracted included Graincorp (-8.6%) and Newcrest (-9.9%).

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%

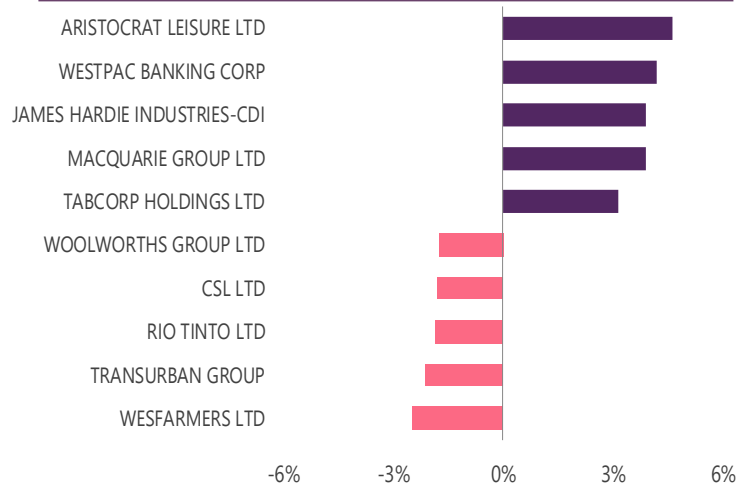
Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	15.0	16.1
Price to Free Cash Flow (x)	14.7	15.3
Gross Yield (%)	5.7	5.6
Price to NTA (x)	2.2	2.5

Source: Perennial Value Management. As at 31 October 2019

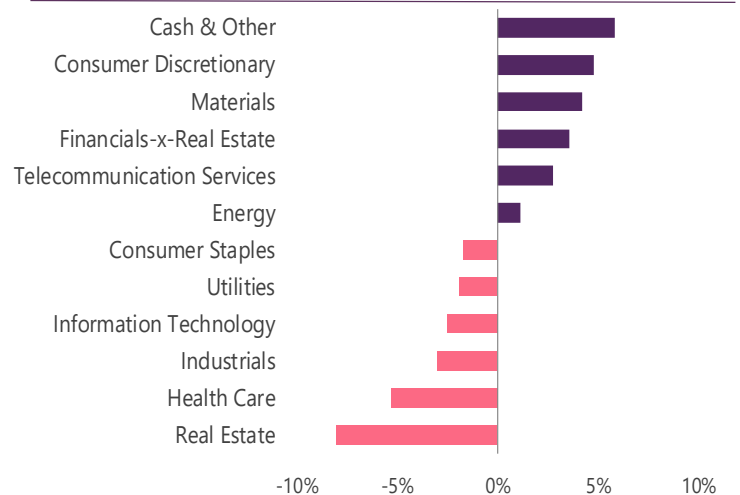
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Themes	Exposure
Mild Aussie Consumer	No discretionary retail
Long Energy	Origin, BHP
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

Global markets were generally positive in October, with the S&P500 +2.0%, Nikkei 225 +5.4% and the Shanghai Composite +0.8%, while the FTSE100 declined -2.2%. The Australian market lagged, with the S&P/ASX300 Accumulation Index finishing the month down -0.4%, weighed down by the banks, which fell as RBA interest rate cuts pressure their margins, and the major miners, which were weaker on softer iron ore prices.

The Trust benefited from not holding a number of tech stocks whose lofty valuations have begun to be questioned by the market. Examples include Wisetech Global (-24.6%) and Afterpay (-19.5%), both of which still trade on very expensive valuations despite the sharp sell-offs.

Holdings which detracted from performance included Graincorp (-8.6%), which declined as the ACCC delayed the sale of its terminals business. This, in turn, delayed its proposed demerger into separate grains and malt business, a transaction which we believe may be a catalyst to recognising significant value in the business.

Trust Activity

During the month, we exited our position in Santos and added Worley and Monadelphous Group. Santos has been a strong contributor to performance since its inclusion in the portfolio and has reached our price target. The replacement companies both have an exposure to cyclical markets in resources and energy capex.

At month end, stock numbers were 23 and cash was 4.7%.

Outlook

The market is currently trading slightly above its long-term average, with a FY20 P/E of 16.1x and offering an attractive gross dividend yield of 5.6%.

In October, we saw a sell-off in a number of high-growth stocks, as well as the cancellation of a number of planned IPOs due to lack of demand at the proposed valuations. This suggests that the market is becoming more discerning around what it will pay for stocks and this may well be a precursor to a sustained move back to value. This follows a strong month in September for value.

In the meantime, 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	-0.4
Energy	+0.3
Materials	-1.8
Industrials	+2.9
Consumer Discretionary	+0.5
Health Care	+7.3
Financials-x-Real Estate	-2.9
Real Estate	+1.4
Information Technology	-3.2
Telecommunication Services	-1.4
Utilities	+1.2


Global, Currency & Commodities (%)

S&P500	+2.0
Nikkei225	+5.4
FTSE100	-2.2
Shanghai Composite	+0.8
RBA Cash Rate	0.75
AUD / USD	+2.1
Iron Ore	-9.6
Oil	-0.9
Gold	+2.8
Copper	+2.3

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