

	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)	3.2	5.2	4.5	24.1	7.9	-	8.0
S&P/ASX300 Accumulation Index	3.2	4.7	5.4	25.4	11.7	-	11.7
Value Added (Detracted) NET	0.0	0.5	-0.9	-1.3	-3.8	-	-3.7

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

Overview

- The ASX300 Accumulation Index delivered a strong return of +3.2% in November, driven by a number of expensive sectors such as IT, Healthcare and Consumer Staples. The Trust did well to keep up in this environment, returning 3.2%.
- Holdings which contributed positively included, Virgin Money UK, (+29.3%), James Hardie (+17.0%) and Aristocrat Leisure (+8.3%), which all delivered better than expected full-year results. Graincorp (+12.4%), rose after the ACCC approved the sale of its terminals business. This paves the way for it to realise value by demerging into separate grains and malt businesses.
- The major banks declined (down an average of -4.5%), after delivering generally soft results and being impacted by the Westpac AUSTRAC issues.

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%

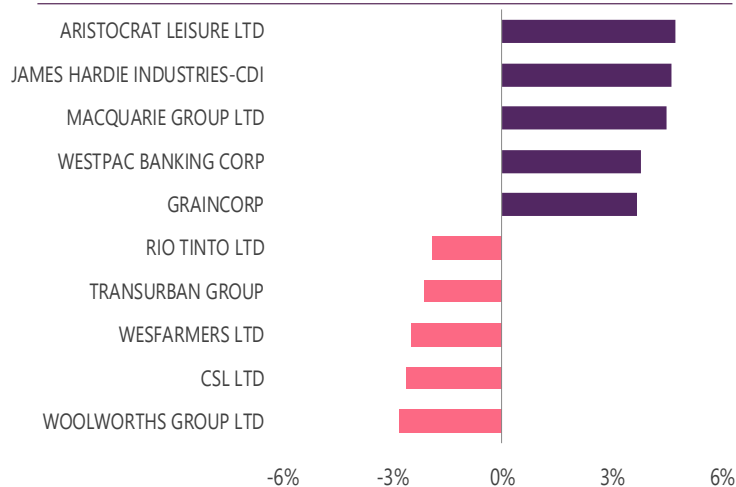
Portfolio Characteristics – FY20	Trust	Market
Price to Earnings (x)	16.1	17.3
Price to Free Cash Flow (x)	15.5	16.6
Gross Yield (%)	5.5	5.2
Price to NTA (x)	2.3	2.5

Source: Perennial Value Management. As at 30 November 2019

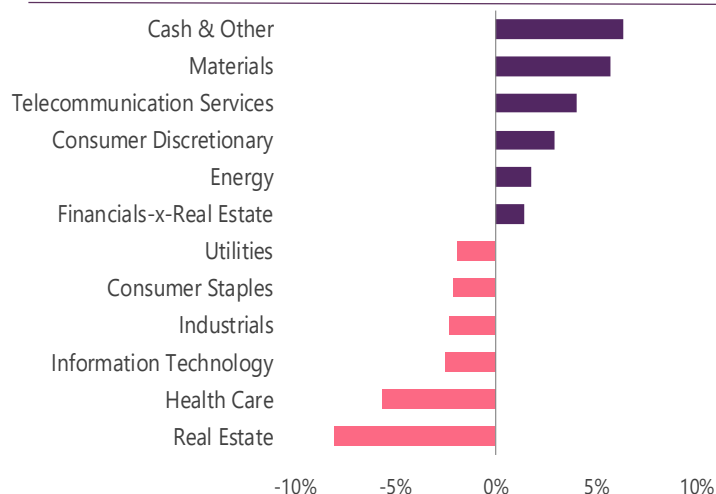
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Themes	Exposure
Mining services	Monadelphous, Worley
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

The Trust delivered a return of 3.2% in November, in line with the Index. This was a solid result, given the particularly strong returns from a number of sectors which the Trust is underweight on account of valuation, including IT (+10.6%), Healthcare (+8.8%) and Consumer Staples (+8.1%).

Trust holdings which contributed positively included, Virgin Money UK, (+29.3%), James Hardie (+17.0%) and Aristocrat Leisure (+8.3%). Each of these stocks rallied strongly after delivering better than expected full-year results. Both James Hardie and Aristocrat Leisure are expected to continue to deliver strong growth going forward, while Virgin Money UK (formerly known as Clydesdale Bank) is trading on an extremely cheap valuation and is strongly leveraged to any Brexit resolution.

Graincorp (+12.4%), rose after the ACCC approved the sale of its terminals business. This paves the way for it to realise value by demerging into separate grains and malt businesses. Origin Energy (+10.4%) rose after a positive investor day, highlighting the strong performance of their APLNG plant.

The major banks declined (down an average of -4.5%), after delivering generally soft full-year results and being impacted by the Westpac AUSTRAC issues. There is absolutely no disputing that the performance of the banks, in relation to conduct and compliance, has been totally unacceptable. However, new management and increased regulatory oversight will ensure that these issues will be remedied. In the meantime, the underlying businesses remain strong and valuations are attractive. Further, this year may well be a turning point in the performance of the sector, as its focus moves from rectifying the errors of the past, towards optimising for the future. As a result, the Trust continues to hold a modest overweight position in the major banks.

Trust Activity

During the month, we exited our position in Woolworths and Star Entertainment Group. Woolworths has been a strong contributor to performance since its inclusion in the portfolio and has reached our price target. We added Monadelphous Group for its exposure to the engineering and construction services sector.

At month end, stock numbers were 22 and cash was 6.4%.

Outlook

The market is currently trading slightly above its long-term average, with a FY21 P/E of 17.3x and offering an attractive gross dividend yield of 5.2%.

While the market has favoured expensive growth and defensive stocks in recent times, the valuation dispersion between these types of stocks and the "value" end of the market is at historically high levels. As a result, the risk-return equation for investors in continuing to hold these stocks is increasingly skewed to the downside. While there is a high level of political uncertainty at present, any sustained improvement in the macro outlook, for example from a cooling of the trade tensions, could well see an aggressive rotation back to 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	+3.2
Energy	+7.3
Materials	+4.4
Industrials	+4.0
Consumer Discretionary	+4.2
Health Care	+8.8
Financials-x-Real Estate	-2.0
Real Estate	+2.3
Information Technology	+10.6
Telecommunication Services	+7.2
Utilities	-0.5

Global, Currency & Commodities (%)

S&P500	+3.4
Nikkei225	+1.6
FTSE100	+1.4
Shanghai Composite	-1.9
RBA Cash Rate	0.75%
AUD / USD	67.6c
Iron Ore	+4.7
Oil	+3.7
Gold	-3.2
Copper	+0.5

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