

	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)	3.8	5.5	6.8	23.1	8.1	-	8.3
S&P/ASX300 Accumulation Index	4.9	6.0	8.3	25.0	12.4	-	12.1
<b>Value Added</b>	<b>-1.1</b>	<b>-0.5</b>	<b>-1.5</b>	<b>-1.9</b>	<b>-4.3</b>	<b>-</b>	<b>-3.8</b>

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

## Overview

During the month, the Trust returned 3.8% net of fees.

The ASX300 Accumulation Index delivered a strong return of 4.89% during January. The Index return was driven in large by a strong showing from the expensive Consumer Staples sector and Healthcare sector. Other contributors to the Index performance were Consumer Discretionary names Aristocrat (+7.51%) and Tabcorp (+3.53%).

The main contributors to the Trust's performance were Graincorp, which was up 10.82% (+21bps alpha) and Aristocrat, which was up 7.51% (+12bps alpha), continuing the company's stellar share price performance.

Other contributors were our underweights in IAG (+11.44bps alpha) and Treasury Wine Estates (+15bps alpha), which finished the month down 19.77%.

Detractors to performance this month were our underweights in Woolworths (-27bps) and CSL (-21bps).

## 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 \$19 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)	16.5	17.5
Price to Free Cash Flow (x)	16.3	17.0
Gross Yield (%)	5.2	5.2
Price to NTA (x)	2.3	2.7

Source: Perennial Value Management. As at 31 January 2020

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

Mining services

## Exposure

Monadelphous, Worley

Long Energy

Origin, BHP

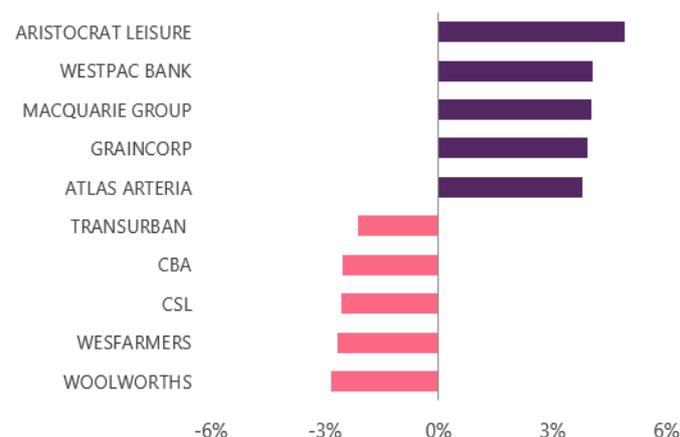
Long Defensive Hedge

NCM

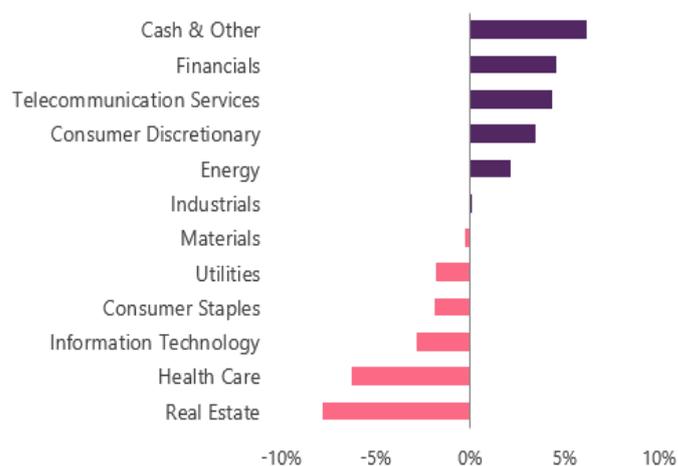
Short US10 Yr. Bond

Underweight REITS / Utilities

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Trust Review

The Trust delivered a net return of 3.85% in January versus an Index return of 4.89%. This underperformance was largely due to strong returns in expensive sectors such as Consumer Staples (19.46%), Healthcare (16.91%) and Information Technology (14.55%), where the Portfolio is underweight.

The main contributors to the Trust's performance this month were Graincorp, which was up 10.82% (+21bps alpha) on increased rainfall and Aristocrat, which was up 7.51% (+12bps alpha), continuing the company's recent stellar share price performance. Throughout January, the Trust held an average overweight of 4.1% in Aristocrat.

Other contributors were our underweights in IAG (+11.44bps alpha), which downgraded profit expectations due to the recent domestic bushfire crisis and Treasury Wine Estates (+15bps alpha), which experienced an earnings downgrade that stemmed from weakness in the US business, finishing the month down 19.77%.

Detractors to performance this month were our underweights in the expensive stocks Woolworths (-27bps) and CSL (-21bps).

## Trust Activity

During the month, we added Star Entertainment Group after it traded through our buy target.

We also exited our James Hardie position after almost 6 months, as the company's strong performance took it through our sell target. Over this period, the stock had added approximately 170bps of alpha.

At month end, the portfolio comprised of 23 stocks and cash at 4.3%.

## Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+4.9
Energy	+0.6
Materials	+1.6
Industrials	+1.9
Consumer Discretionary	+4.3
Health Care	+12.0
Financials-x-Real Estate	+4.7
Real Estate	+6.3
Information Technology	+10.2
Telecommunication Services	+7.7
Utilities	+1.0
Consumer Staples	+7.8

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Signatory of:



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## Outlook

The ASX 300 Accumulation Index is currently trading slightly below its long term average PE ratio, with the FY21 estimate at 17.76x versus a 19.88x long term average. The current dividend yield remains attractive at 5.44%.

Whilst in recent times the market has favored expensive growth and defensive stocks, the divergence in valuation between this subset and stocks more typically deemed value is at historical highs. As such, risk reward remains skewed to the downside when holding these expensive names – a testament to this thesis has been the outsized underperformance of some of the expensive names during recent periods of "risk off" sentiment. We remain confident that a concentrated portfolio of value names will provide the desired risk reward characteristics.

The Trust continues to exhibit Perennial Value's true to label value characteristics, with the Trust offering better value than the overall market on three of our four valuation characteristics: price to earnings, price to free cash flow, price to net tangible assets and similar value in gross yield (%).

**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.**

## Global, Currency & Commodities (%)

S&P500	-0.2
Nikkei225	-1.9
FTSE100	-3.4
Shanghai Composite	-2.4
RBA Cash Rate	0.75
AUD / USD	66.9c
Iron Ore	-11.2
Oil	-11.9
Gold	+4.7
Copper	-10.0

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