

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Active Plus Shares Trust (Net)	-8.7	-6.6	-2.4	5.4	3.8	-	4.7
S&P/ASX300 Accumulation Index	-7.8	-5.2	-0.1	8.7	7.8	-	8.6
Value Added	-0.9	-1.4	-2.3	-3.3	-4.0	-	-3.9

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

Overview

The ASX300 Accumulation index delivered a weak result for February 2020 closing down 7.8% as Coronavirus fear took hold. Of the 11 GICS industry indices only 3 ended up in positive territory for the month. Perhaps unsurprisingly the hardest hit sectors were those with higher reliance on global growth and increasing demand, namely Energy (WPL -17.03%, OSH -23%), and expensive sectors like Information Technology (WTC -37%, EML -30%). Positive contributors to index performance were few and far between this month but included HLS (+5.56%) and RMD (2.53%), both healthcare names.

For February, the Active Plus Trust returned -8.7%. Positive contributors to performance were ALX (26.73bps alpha), ANZ (+15.6bps alpha), JHX (+10.4bps alpha) and WBC (+8.54bps alpha). Detractors to performance this month came from our overweights to energy namely WOR (-29.97bps alpha), ORG (-23.53bps alpha) and BHP (-23.37bps alpha).

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	Market
Price to Earnings (x)	13.9	16.2
Price to Free Cash Flow (x)	12.4	12.1
Gross Yield (%)	6.3	5.6
Price to NTA (x)	1.9	1.9

Source: Perennial Value Management. As at 29 February 2020

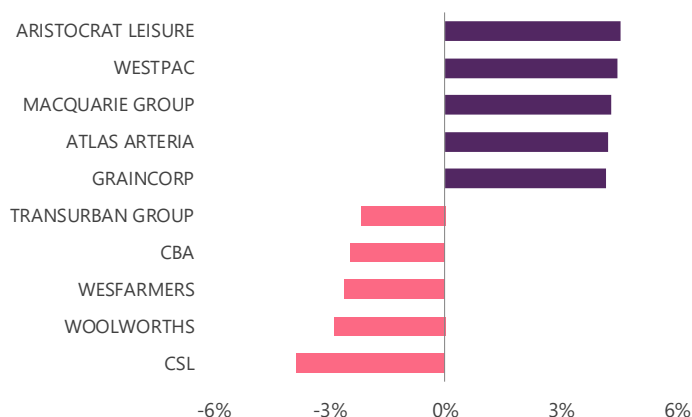
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Trust Thematics

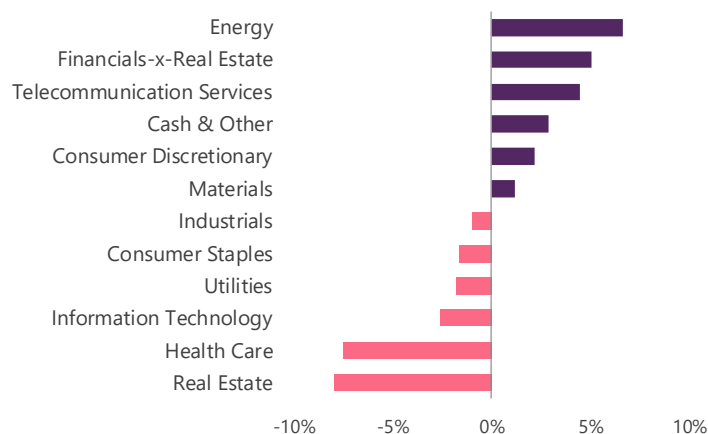
Exposure

Mining services	Worley, Downer
Long Energy	Origin, BHP, Woodside
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 -8.7% in February versus a benchmark return of -7.8%. This underperformance was due in large part to our overweight to the Energy and Mining sectors.

For February, strong contributions to performance came from ALX which benefitted from its bond proxy status, ANZ and WBC which benefitted from safe haven flow into banks as the broader index suffered.

Trust Activity

Through the month we added RIO, OSH and OZL due to their strong fundamentals. In doing so we also increased our exposure to mining. We also added WPL on the view that the recent oil price weakness was overdone, and re-entered JHX after exiting the stock last month as recent price weakness made the entry point more attractive.

At month end the portfolio comprised of 24 names and 3.5% cash.

Outlook

The ASX 300 Accumulation Index is currently trading slightly below its long term average PE ratio with the FY21 estimate at 17.31 versus a 18.06 long term average. Current dividend yield remains attractive at 5.80%.

Whilst in recent times the market has favoured 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 and the outsized underperformance of some of the expensive names during recent periods of "risk off" sentiment is testament to this thesis. We remain confident that a concentrated portfolio of value names will provide the desired risk reward characteristics.

The Trust continued 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.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	-8.7
Energy	-21.8
Materials	-10.6
Industrials	-11.0
Consumer Discretionary	-5.7
Health Care	-14.1
Financials-x-Real Estate	-10.5
Real Estate	-1.6
Information Technology	-15.5
Telecommunication Services	-10.4
Utilities	-6.6
Consumer Staples	-7.9

Global, Currency & Commodities (%)

S&P500	-8.4
Nikkei225	-8.9
FTSE100	-9.7
Shanghai Composite	-3.2
RBA Cash Rate	0.75
AUD / USD	65.2c
Iron Ore	-10.3
Oil	-10.8
Gold	+2.5
Copper	+3.4

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Contact Us

📍 Level 27, 88 Phillip Street Sydney NSW 2000

☎ 1300 730 032

✉ invest@perennial.net.au

🌐 www.perennial.net.au

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