

| | Month (%) | Quarter (%) | FYTD (%) | 1 Year (%) | 2 Years (% p.a.) | 5 Years (% p.a.) | Since Inception (%p.a.) |
|--|------------|-------------|-------------|-------------|------------------|------------------|-------------------------|
| Perennial Value Active Plus Shares Trust (Net) | 5.1 | -12.3 | -14.5 | -11.3 | -2.0 | - | -0.1 |
| S&P/ASX300 Accumulation Index | 4.6 | -9.7 | -9.8 | -6.5 | 1.8 | - | 4.3 |
| Value Added | 0.5 | -2.6 | -4.7 | -4.8 | -3.8 | - | -4.4 |

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

Overview

The ASX300 accumulation index delivered another positive result in May 2020 finishing up 4.6%. Price action this month was characterised by a rotation out of expensive defensive sectors like healthcare (-5.1%) into more cyclical sectors like Energy (+4.7%), Consumer Discretionary (+6.9%) and Materials (+8.4%). The Active Plus portfolio was a beneficiary of this rotation.

For May, the portfolio returned 5.1%. Among the larger positive contributors to performance were BHP (+7.1%), JHX (15.7%) and NCM (11%). With the rotation into value continuing this month, our underweight to CSL continues to pay off with the stock off 10.7% in May.

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 \$15 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 – FY21 | Trust | Market |
|----------------------------------|-------|--------|
| Price to Earnings (x) | 16.2 | 17.8 |
| Price to Free Cash Flow (x) | 14.5 | 15.9 |
| Gross Yield (%) | 4.5 | 4.6 |
| Price to NTA (x) | 1.7 | 2.2 |

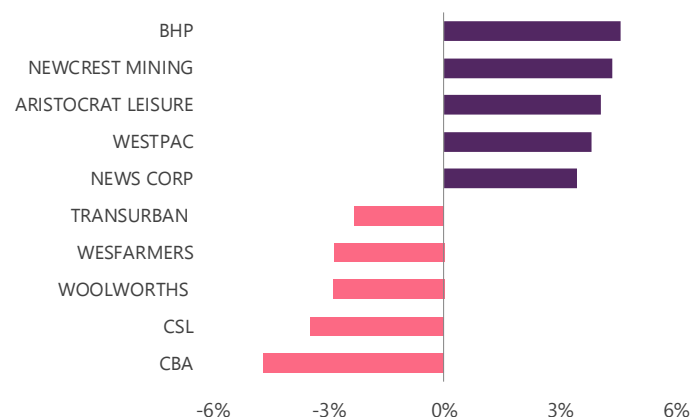
Source: Perennial Value Management. As at 31 May 2020

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.

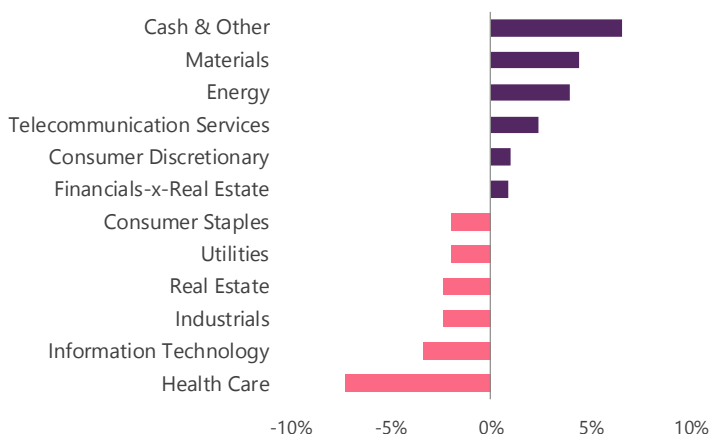
Trust Thematics Exposure

| | |
|----------------------|-----------------------|
| Mining services | Worley, Downer |
| Long Energy | Origin, BHP, Woodside |
| Long Defensive Hedge | NCM |
| Short US10 Yr. Bond | Underweight Utilities |

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The Trust delivered a net return of 5.1% in May versus a benchmark return of 4.6%. This outperformance was due in large part to our overweights in Materials (BHP, RIO, NCM) and underweights in healthcare (CSL). Interestingly, whilst the consumer staples sector was down 0.5% for the month, the outperformance in GNC (+25%) was a significant contributor to Active Plus alpha. JHX outperformed on the back of a good result intra-month with the company experiencing strong performance in both North America and the APAC regions which it expects to continue. CSL continues to underwhelm as COVID-19 fears recede. GNC also reported this month. Whilst the result was underwhelming due to the small 2019 crop, its processing business continues to perform admirably and expectations for the current season remain positive. Finally, GNC remains one of few stocks relatively unaffected by COVID-19. These factors combined mean the stock's overweight in the Active plus portfolio continue to pay off.

Trust Activity

The cyclical nature of the Active plus portfolio was reduced through the month with a reduction in MQG, TAH, WOR and ALL after strong runs in April and May. The profitable JHX position was also reduced as our target price for the stock is approaching. Counter cyclical positions were established in QBE and extended in UMG. Further, the Active Plus trust added short stock option positions over NAB, BHP and RHC, taking advantage of high levels of implied volatility.

At month end the portfolio comprised of 27 names and 5.76% cash.

Market Review – Australia (%)

| | |
|-------------------------------|-------|
| S&P/ASX300 Accumulation Index | +4.6 |
| Energy | +4.7 |
| Materials | +8.4 |
| Industrials | +3.8 |
| Consumer Discretionary | +6.9 |
| Health Care | -5.1 |
| Financials-x-Real Estate | +5.3 |
| Real Estate | +7.1 |
| Information Technology | +14.3 |
| Telecommunication Services | +8.5 |
| Utilities | +3.1 |
| Consumer Staples | -0.5 |

Outlook

The ASX 300 Accumulation Index is currently trading above its long term average 12MF PE ratio with FY21 estimate trading at 20.4 versus the long term average at 16.7. Dividend yield is currently 3.2%.

Whilst in recent times expensive growth and defensive names have been favoured over their value counterparts this gap continues to be bridged as the market (and the world) continues to recover from the Coronavirus. We expect value to continue to make up ground against growth and remain of the view that risk reward for expensive names is skewed to the downside. We remain confident that a concentrated portfolio 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 all four of our valuation characteristics: price to earnings, price to free cash flow, price to net tangible assets and 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 | +4.5 |
| Nikkei225 | +8.3 |
| FTSE100 | +3.0 |
| Shanghai Composite | -0.3 |
| RBA Cash Rate | 0.25 |
| AUD / USD | 66.4c |
| Iron Ore | +18.5 |
| Oil | +36.6 |
| Gold | +0.2 |
| Copper | +1.1 |

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