

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Concentrated Australian Shares Trust (Net)	4.2	10.6	25.0	48.6	8.5	-	6.3
S&P/ASX300 Accumulation Index	2.3	4.2	18.4	38.3	8.7	-	8.6
Value Added	1.9	6.4	6.6	10.3	-0.2	-	-2.3

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

Overview

- Global markets performed strongly in March, driven by continuing positive sentiment around vaccine rollouts and the prospect of large stimulus in the US, with all major indices delivering positive returns. This was despite the ongoing increase in bond yields.
- The Australian market also performed strongly, with the ASX300 Accumulation Index finishing the month up 2.3%. While there was no strong theme in the market, the more defensive sectors tended to outperform, while the more cyclical sectors lagged.
- The Trust delivered a return of 4.2%, outperforming the market by 1.9% after fees, bringing the total outperformance after fees for the last 12 months to 10.3%. This has been driven by strong performances from a large number of our holdings across a range of different sectors.
- Since the market's low in March 2020, the Trust has performed very well, returning +68.4% and outperforming the market by 13.7% after fees. This performance highlights the Trust's leverage to the post-COVID economic recovery. Historically, value style investing has delivered significant outperformance during economic recoveries.

Perennial Concentrated Australian 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 – FY22	Trust	Market
Price to Earnings (x)	15.8	17.3
Price to Free Cash Flow (x)	13.5	15.0
Gross Yield (%)	5.3	4.9
Price to NTA (x)	2.2	2.6

Source: Perennial Value Management. As at 31 March 2021

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.

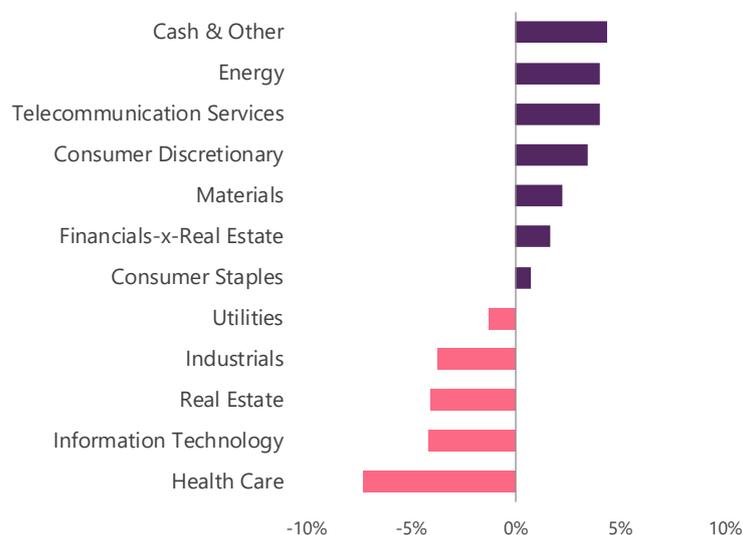
Trust Thematics Exposure

Offshore earners	Aristocrat, NWS
Long cyclicals	BHP, Santos, Alumina
Defensives	Newcrest Mining, Metcash
Short US10 Yr. Bond	Underweight Utilities

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

As the economy recovers, inflation expectations continue to increase and this will lead to higher bond yields and interest rates. While rising rates may present a headwind to growth, the most at-risk sectors are those with the most extreme valuations such as the Technology sector. By contrast, the more cyclical sectors of the market are likely to outperform given their leverage to an improving growth environment and their less-demanding valuations. This is the environment in which value investing typically outperforms.

Stocks which contributed positively over the month included global malt producer, United Malt Group (+11.5%). This company is leveraged to the global reopening, as malt demand will increase as the hospitality industry recovers post-pandemic.

BlueScope Steel (+16.0%) continued its strong performance, with steel prices remaining buoyant. The company has a very well-positioned US asset which is benefitting from very strong demand, while recently announced production cuts in China should also be positive for pricing.

Telstra (+10.4%) performed well, with the company announcing further progress on its internal restructure to separate the network assets from the operating business. This process is setting the business up to sell off certain of these assets such as the mobile phone towers. Selling these assets to financial investors such as infrastructure funds presents an opportunity for the company to realise a significant valuation uplift.

Other holdings which performed well included Aristocrat Leisure (+13.1%), NewsCorp (+9.7%), Metcash (+9.2%), Alumina Ltd (+7.4%), Macquarie Group (+7.3%), and Tabcorp (+5.2%).

Trust Activity

During the month, we returned to James Hardie. This is a fantastic company with exceptional management. We sold our holding late last year after a significant rally. Since then, the housing market in the US has continued to be very strong making James Hardie more attractive.

At month end, stock numbers were 22 and cash was 4.3%.

Outlook

The start of 2021 may well mark a significant turning point for the global economy and markets, with the prospects of a near-term roll-out of an effective COVID vaccine underpinning the reopening of economies and a return to global growth. Importantly also, the change of leadership in the US should usher in a period of stability in terms of domestic and international policy and, hopefully, a generally more harmonious backdrop. The election result of a Biden presidency and Democratic Senate means there is likely to be increased fiscal stimulus, which should be positive for economic growth, corporate earnings and markets overall.

Domestically, key indicators around employment, loan deferrals and the property market are all surprising to the upside. Finally, the economy is underpinned by historically low interest rates and meaningful fiscal stimulus. If this improvement continues, then corporate earnings and dividends are likely to rebound strongly over the coming year.

The Trust is positioned to benefit from an ongoing economic improvement and our focus remains on investing in quality companies with proven business models and strong balance sheets, which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Global, Currency & Commodities (%)

S&P500	+4.2
Nikkei225	+0.7
FTSE100	+3.6
Shanghai Composite	-1.9
RBA Cash Rate	0.10
AUD / USD	76.2c
Iron Ore	-4.2
Oil	-1.2
Gold	-1.5
Copper	-1.4

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