

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Concentrated Australian Shares Trust (Net)	-0.7	2.3	-0.7	31.5	7.2	-	7.2
S&P/ASX300 Accumulation Index	1.1	5.8	1.1	29.1	9.7	-	10.3
<b>Value Added</b>	<b>-1.8</b>	<b>-3.5</b>	<b>-1.8</b>	<b>2.4</b>	<b>-2.5</b>	<b>-</b>	<b>-3.1</b>

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

## Overview

- The Australian market rose again in July, with the ASX300 Accumulation Index making another record high, finishing the month up +1.1% and bringing the total return for the last 12 months to a very healthy +29.1%.
- Resources were the standout over the month, with the sector rising strongly on expectations of delivering very strong profits and dividends during the upcoming reporting season.
- Financials were weaker, as the recent COVID lockdowns weighed on sentiment towards the banks, while the Tech sector was the worst performing sector over the month.
- Since the market's low in March 2020, the Trust has performed very well, outperforming the market by 8.5% after fees. This performance highlights the Trust's leverage to the post-COVID economic recovery.
- We expect economic growth to continue to be strong and this should benefit the Trust going forward. 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 \$20 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)	13.6	16.0
Price to Free Cash Flow (x)	11.0	14.1
Gross Yield (%)	6.7	5.5
Price to NTA (x)	2.3	2.9

Source: Perennial Value Management. As at 31 July 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.

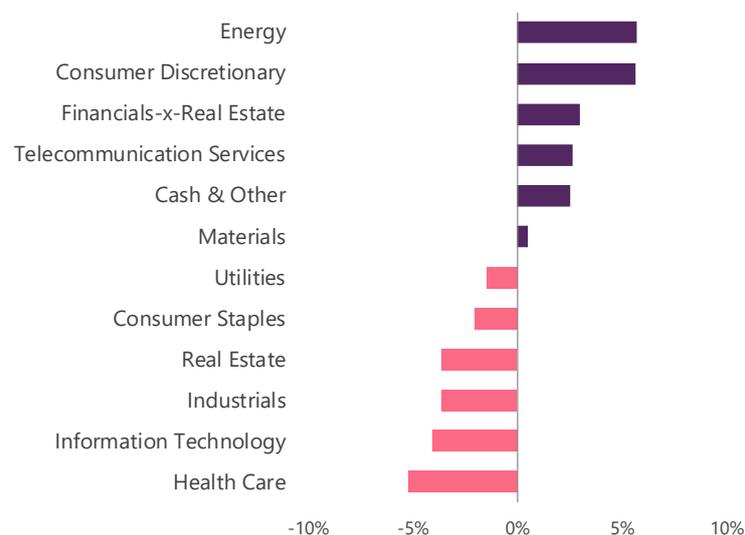
## Trust Thematic Exposure

Offshore earners	Aristocrat, Macquarie
Long cyclicals	BHP, Santos, Alumina
Defensives	Newcrest Mining, Charter Hall WALE
Short US10 Yr. Bond	Underweight Utilities

## Top 10 Positions (A->Z)

ANZ
Aristocrat Leisure
BHP
BlueScope Steel
Insurance Australia Group
Macquarie Group
Newcrest Mining
Telstra
Westpac
Woodside Petroleum

## Sector Active Exposure vs Index



## Trust Review

Resources holdings performed strongly over the month. While the iron ore price declined from its recent very high levels, the major miners were stronger, with our preferred exposure, BHP (+10.0%), higher on expectations of a very strong profit result and dividend during the upcoming reporting season. The combination of generally higher commodity prices and strong quarterly production results also saw strong performances from a number of other resources holdings.

Bluescope Steel (+10.2%) was also stronger after upgrading earnings on the back of very strong global steel demand. All segments of the business were performing strongly, in particular the US, where demand remains very strong and Australia, where an increasing proportion of their sales are being made into the high margin coated steel segment. This also provides a very positive readthrough to the Australian economy more broadly, where strength in the construction sector saw their domestic steel volumes reach the highest levels since 2008.

The major banks were weaker in July, underperforming by an average of -3.0%. This is likely the market anticipating negative sentiment around the potential impacts of the current lockdowns. While this has borne out, we believe that this will be short-lived and expect the banks to recover strongly once the COVID outbreak is brought under control. While lockdowns will clearly have an impact on the economy, the banks are in a very strong financial position. This has been demonstrated by the fact that both ANZ and NAB announced on market buy-backs of \$1.5bn and \$2.5bn respectively during the month. The fact that the regulator signed off on this in the face of the current uncertainty indicates they have a high level of confidence in the strength of the sector.

## Trust Activity

During the month, we added Oz Minerals to the portfolio and removed AWC.

At month end, stock numbers were 22 and cash was 3.0%.

## Outlook

We believe that 2021 may well mark a significant turning point for the global economy and markets, with the accelerating rollout of effective COVID vaccines underpinning the reopening of economies and a return to global growth. Importantly also, the change of leadership in the US should herald greater government spending to drive higher growth, which will flow through to corporate earnings. Further, this should also usher in a period of stability in terms of domestic and international policy and, hopefully, a generally more harmonious backdrop.

Domestically, while the current COVID outbreak and associated lockdowns are a clear setback, key indicators around employment, business confidence 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	+2.3
Nikkei225	-5.2
FTSE100	-0.1
Shanghai Composite	-5.4
RBA Cash Rate	0.10
AUD / USD	73.5c
Iron Ore	-12.4
Oil	+3.7
Gold	+4.6
Copper	+6.7

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Contact Us  Level 27, 88 Phillip Street, Sydney NSW 2000  [invest@perennial.net.au](mailto:invest@perennial.net.au)  [www.perennial.net.au](http://www.perennial.net.au)  1300 730 032

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