

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception <sup>^</sup> (% p.a.)
Perennial Concentrated Australian Shares Trust (Net)	1.2	-1.8	4.3	-0.7	13.2	5.2	6.2	5.8
S&P/ASX 300 Accumulation Index	1.2	-2.4	7.2	-3.7	11.3	5.6	8.2	7.9
<b>Value Added</b>	<b>0.0</b>	<b>0.6</b>	<b>-2.9</b>	<b>3.0</b>	<b>1.9</b>	<b>-0.4</b>	<b>-2.0</b>	<b>-2.1</b>

<sup>^</sup>Since inception: May 2017. Past performance is not a reliable indicator of future performance.

## Overview

After a positive start to the month, hawkish commentary from the US Fed meeting at Jackson Hole, saw bond yields rise sharply causing most global markets to sell off and end the month lower. The S&P500 finished the month down -4.2%, the NASDAQ fell -4.6%, FTSE100 declined -1.9% and the Shanghai Composite was off -1.6%. The Nikkei 225 was the exception, rising +1.0%.

The Australian market fared better in August, with the ASX300 Accumulation Index rising by +1.2% over the month. The outperformance of our market was driven by its heavy weighting to Resources, with Energy (+7.8%) and Metals and Mining (+5.5%) the best performing sectors over the month. By contrast, the more interest rate sensitive sectors such as REITs (-3.6%), Consumer Staples (-1.7%) and Utilities (-1.6%) weighed on the market.

Reporting season was the highlight of the month, with results generally being slightly better than market expectations. While there are a range of macroeconomic headwinds building, to date, company earnings are proving resilient, with activity levels and spending remaining strong. Further, while cost pressures are increasing, companies have, by and large, been able to raise prices sufficiently to maintain margins. However, looking forward, understandably cautious guidance statements saw overall downgrades to earnings expectations for the current financial year.

## Fund Characteristics

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.

<b>Portfolio Manager</b>	<b>Trust FUM</b>
Dan Bosscher	AUD \$20.0 million
<b>Distribution Frequency</b>	<b>Minimum Initial Investment</b>
Half yearly	\$25,000
<b>Trust Inception Date</b>	<b>Fees</b>
May 2017	0.70% p.a. + Performance fee

### APIR Code

WPC6780AU

Portfolio Characteristics – FY23	Trust	Market
Price to Earnings (x)	13.2	15.3
Price to Free Cash Flow (x)	14.7	14.8
Gross Yield (%)	6.4	5.3
Price to NTA (x)	1.9	2.5

Source: Perennial Value Management. As at 31 August 2022

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.

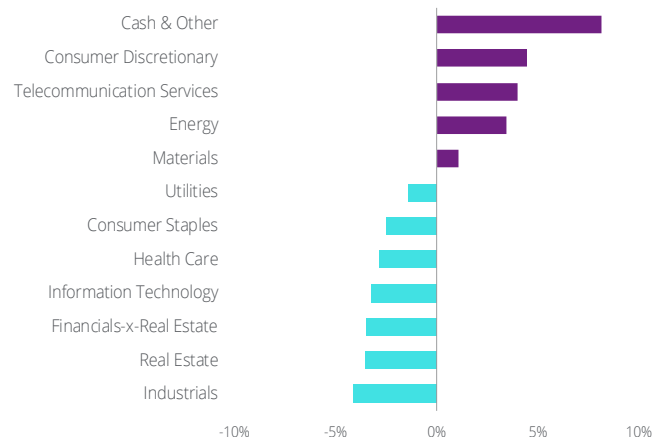
## Trust Thematic Exposures

<b>Offshore Earners</b>	Aristocrat Leisure , James Hardie
<b>Long Cyclical</b>	BHP, Woodside
<b>Defensives</b>	Newcrest Mining, Charter Hall Wale
<b>Short US10 Yr. Bonds</b>	Underweight Utilities

## Top 10 Positions (A -> Z)

ANZ
Aristocrat Leisure
BHP
CSL
Insurance Australia Group
James Hardie Industries
Newcrest Mining
Telstra
Westpac
Woodside Petroleum

## Sector Active Exposure vs Index



## Trust Review

The Trust returned +1.2%, net of fees in August, in line with the index.

Key positive contributors to performance included Iluka Resources (+10.0) which delivered a strong result on the back of high mineral sands prices and is currently developing a rare earths refining facility in Western Australia. The facility, which is predominantly funded by a \$1bn non-recourse loan from the Australian Government's Critical Minerals Facility, will process rare earths for Iluka and other miners. Rare earths are strategically important, being used in a range of advanced electronics applications as well as being critical to electrification, where they are used to produce very strong magnets. Currently, the majority of the world's supply of rare earths come from China, which presents obvious risks. BHP (+5.0%) also outperformed after delivering strong results.

Energy stock Woodside Energy (+7.1%) outperformed, after delivering a strong result on the back of high energy prices. Woodside was able to benefit from strong pricing, with around a quarter of its production uncontracted and able to be sold into the spot market. This saw average realised prices more than double from the previous period, resulting in massive cash flows. Further, the company stands to benefit from its merger with BHP's energy assets over the medium-term.

Underperformers included Reliance Worldwide and Betmakers.

## Trust Activity

During the month we exited our holdings in Santos and S32 in favour of Iluka. At month end, stock numbers were 18 and cash was 8.2%.

## Outlook

Global growth is clearly slowing as interest rates rise and economies grapple with the impacts of high inflation and energy supply problems. However, we believe that this will be offset to some extent by the benefits to economies as COVID disruptions continue to recede. While economic data is mixed, and varies greatly from region to region, unemployment rates are very low in most major markets. The Australian economy is performing particularly strongly and will continue to be a key beneficiary of the strength in commodity markets. However, there are a number of potentially significant changes in the global economic and political backdrop, from the return of inflation and the change in the interest rate cycle, to rising geopolitical tensions. As a result, the level of uncertainty is elevated, and a degree of caution is warranted.


This view is expressed in the portfolio through holding a combination of stocks with reopening leverage, as well as stocks with solid defensive characteristics. Importantly, the portfolio is positively leveraged to post-COVID normalisation, higher inflation, and rising interest rates. Within the cyclical part of the portfolio, this is achieved through overweight positions in the Resources, Energy and Consumer Discretionary sectors.

### Global, Currency & Commodities (%)

S&P 500	-4.2
Nikkei 225	+1.0
FTSE 100	-1.9
Shanghai Composite	-1.6
RBA Cash Rate	1.85
AUD / USD	68.6c
Iron Ore	-16.2
Oil	-12.3
Gold	-3.1
Copper	-1.7

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