

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (% p.a.)
Perennial Concentrated Australian Shares Trust (Net)	4.8	6.1	10.7	10.1	12.1	5.5	6.5	6.6
S&P/ASX 300 Accumulation Index	6.5	5.7	13.4	4.3	10.0	6.0	8.2	8.6
Value Added	-1.7	0.4	-2.7	5.8	2.1	-0.5	-1.7	-2.0

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

Overview

Markets continued to rally in November, as signs of easing inflation sparked hopes that the pace of Central Bank tightening would start to slow from the end of this year. Markets were also boosted by suggestions that the Chinese Government was beginning to soften its stance on COVID zero and loosen some of the restrictions. Combined, these factors saw all major global markets finish the month in positive territory. The S&P500 finished the month up +5.4%, the NASDAQ rose +4.4%, while the Nikkei 225 added +1.4%. The FTSE100 lifted by +6.7%, as the political situation stabilised to some degree in the UK. The Chinese market was the standout, with the Shanghai Composite returning a very strong +8.9% on hopes of an accelerated reopening.

The Australian market was also stronger in November, with the ASX300 Accumulation Index finishing the month up +6.5%. All sectors delivered positive returns, however, it was Metals & Mining (+18.3%), which was the standout, as the mining stocks rallied in anticipation of a pick-up in Chinese commodity demand. The Healthcare (+5.9%) and REIT (+5.8%) sectors were also strong, while the Financials (+2.2%) lagged.

Looking forward, while global activity generally remains sound, the prospect of recessions in the US and Europe is increasing. Economic activity in Australia continues to remain very robust, with low unemployment and resilient consumer spending, despite interest rate rises and inflationary pressures. However, this too is likely to slow next year. The course of the war in Ukraine and Chinese Government policy will also have significant and unpredictable impacts.

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.

Portfolio Manager

Dan Bosscher

Distribution Frequency

Half yearly

Trust Inception Date

May 2017

APIR Code

WPC6780AU

Trust FUM

AUD \$21.4 million

Minimum Initial Investment

\$25,000

Fees

0.70% p.a. + Performance fee

Portfolio Characteristics – FY23	Trust	Market
Price to Earnings (x)	13.2	15.1
Price to Free Cash Flow (x)	12.3	14.1
Gross Yield (%)	5.8	5.3
Price to NTA (x)	2.2	2.6

Source: Perennial Value Management. As at 30 November 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.

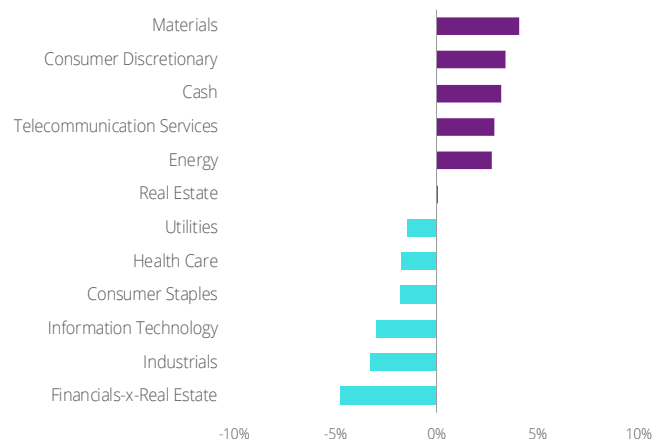
Trust Thematic Exposures

Offshore Earners	Aristocrat Leisure , James Hardie
Long Cyclical	BHP, Woodside
Defensives	Newcrest Mining
Short US10 Yr. Bonds	Underweight Utilities

Top 10 Positions (A -> Z)

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

Sector Active Exposure vs Index



Trust Review

The Trust returned +4.8%, after-fees in November, underperforming the index by -1.7%.

Key positive contributors to performance included the Trust's resources holdings with BHP (21.8%) strong driven by the announcement of further incremental stimulus measures to support the property market, as well as indications that the harsh COVID lockdown measures may begin to be eased earlier than expected.

Mineral sands miner and aspiring rare earths producer, Iluka Resources (+16.6%), was also up strongly. While mineral sands demand is tied closely to the economic backdrop, rare earths are expected to experience strong demand growth due to their essential role in electrical equipment such as magnets in generators. While the bulk of the world's supply of rare earths comes from China, Iluka's operations are located in Western Australia, making them strategically valuable. This is so much the case, that the rare earths refinery the company is building, is largely financed by the Australian Government.

The main detractor over the month was James Hardie (-14.1%), which downgraded its guidance for next year on the back of weakness in the US housing market, where rapidly increasing mortgage rates have crimped demand for new homes. We remain very confident in the longer-term outlook for this business, with its differentiated, premium products and excellent direct-to-consumer marketing, which should allow it to continue to gain market share over time. Other detractors included Aristocrat Leisure (-4.8%), and Reliance Worldwide (-4.7%).

Trust Activity

During the month we increased our holdings in Macquarie Group and Goodman Group. At month end, stock numbers were 17 and cash was 3.0%.

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 reopening, higher inflation, and rising interest rates. Within the cyclical part of the portfolio, this is achieved through overweight positions in the Financials, as well as select parts of the Consumer Discretionary sector and Resources sectors. In the defensive part of the portfolio, this is achieved through holdings in the sectors such as Telcos, Healthcare and a modest overweight in gold.

Global, Currency & Commodities (%)

S&P 500	+5.4
Nikkei 225	+1.4
FTSE 100	+6.7
Shanghai Composite	+8.9
RBA Cash Rate	2.85
AUD / USD	66.9c
Iron Ore	+25.9
Oil	-9.9
Gold	+8.3
Copper	+11.3

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