

|  | 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) | 1.8        | 0.7         | 14.8        | 6.1        | 6.4              | 16.1             | 7.3              | 6.8                                   |
| S&P/ASX 300 Accumulation Index                       | 1.8        | -1.0        | 15.4        | 2.1        | 6.1              | 14.0             | 8.2              | 8.3                                   |
| <b>Value Added</b>                                   | <b>0.0</b> | <b>1.7</b>  | <b>-0.6</b> | <b>4.0</b> | <b>0.3</b>       | <b>2.1</b>       | <b>-0.9</b>      | <b>-1.5</b>                           |

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

## Overview

Further indications that inflation has peaked, combined with the banking sector issues apparently abating, saw markets trade positively in April. Key global indices rose, with the S&P500 +1.5%, the FTSE100 +3.1%, the Nikkei 225 +2.9%, the Shanghai Composite +1.5% and the NASDAQ +0.4%.

The decision by the RBA to pause its rate rises at the April meeting lifted sentiment and boosted the Australian market, which returned +1.8% for the month. The prospect of interest rates having peaked saw a relief rally in those sectors most leveraged to bond yields, with REITs (+5.2%) and IT (+4.5%) the best performing sectors over the month.

The rally was broad-based, with Australian economic data remaining strong. The unemployment rate continues to be at record lows and consumer spending remains robust. Further, the housing market appears to have stabilised, with prices showing modest gains in March and April. This was very positive for sentiment, with housing being a key underpinning of the economy. Metals & Mining (-3.2%) was the only sector to deliver a negative return in April, as commodity prices weakened on concerns over slowing Chinese growth.

## 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 \$22.0 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 – FY24 | Trust | Market |
|----------------------------------|-------|--------|
| Price to Earnings (x)            | 13.2  | 15.0   |
| Price to Free Cash Flow (x)      | 11.3  | 13.9   |
| Gross Yield (%)                  | 6.2   | 5.5    |
| Price to NTA (x)                 | 2.3   | 2.6    |

**Source:** Perennial Value Management. As at 30 April 2023

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.

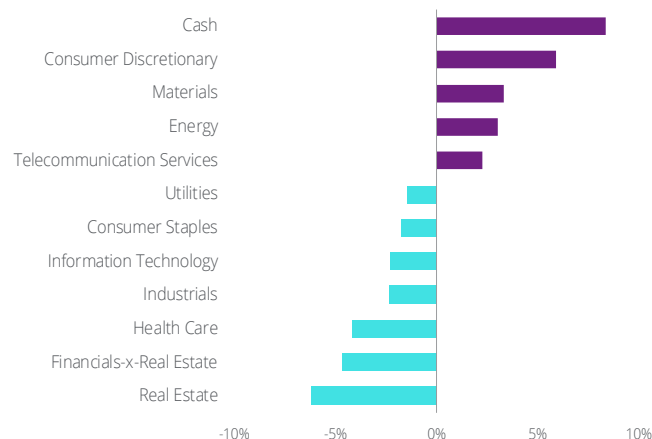
## Trust Thematic Exposures

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

## Top 10 Positions (A -> Z)

|                         |
|-------------------------|
| ANZ                     |
| Aristocrat Leisure      |
| BHP                     |
| CSL                     |
| James Hardie Industries |
| Macquarie Group         |
| Newcrest Mining         |
| Telstra                 |
| Westpac                 |
| Woodside Energy         |

## Sector Active Exposure vs Index



## Trust Review

The Trust returned 1.8%, after-fees in April, in line with the benchmark after fees.

Gold stock Newcrest (+7.7%) continued its strong performance on the back of falling real yields as investors factored in expectations of interest rate easing. Gold and gold stocks are finally coming into their own as defensive assets. We continue to hold our position in Newcrest, given the elevated level of macro, geopolitical and other risks at present.

A decline in the iron ore price saw the bulk miners underperform (down an average of -6.5%). The Trust currently holds an overweight in the bulks. These companies are focused on strategically important commodities such as copper where the long-term demand outlook is very positive. Further, these companies are doubly attractive given their assets are principally located in Australia, which is a stable, well-governed and Western-aligned jurisdiction.

Treasury Wine Estates (+6.6%), continued its strong performance on increased optimism that the Chinese tariffs would be removed, effectively reopening the largest export market for Australian wines. While this would be a boon for the company (and the industry), the company is well positioned if this does not happen, having already found alternative markets for their premium products such as Penfolds.

James Hardie (+5.2%) rallied on tentative signs of the US housing market having bottomed. In the short-term, the company is subject to the residential construction cycle. However, long-term, it should be able to continue to grow at above market rates as it gains market share from other building products.

## Trust Activity

During the month we took profits and reduced our holdings in Telstra. Proceeds were reinvested into Newcrest. At month end, stock numbers were 19 and cash was 8.4%.

## Outlook

Global growth is clearly slowing, as interest rates rise, and economies grapple with the impacts of high inflation and the challenges of energy costs and other supply issues. Recent stresses in the banking sector have also had a negative impact on the outlook. While rapid regulatory responses seem to have contained these issues for now, the high levels of indebtedness and the long lags associated with the transmission of monetary policy, mean we are unlikely to be out of the woods. On the positive, it appears that inflation has peaked, and unemployment rates remain very low in most major markets. Despite record interest rate rises, the Australian economy continues to perform strongly, with a tight labour market, resilient retail sales and stabilising house prices. The resources and agricultural sectors continue to experience positive conditions and the coming surge in immigration will provide a further boost.

However, the level of uncertainty is elevated, and a degree of caution is warranted. This view is expressed in the portfolio through holding stocks with positive company specific drivers, as opposed to pure cyclical leverage, as well as stocks with solid defensive characteristics. Importantly, the portfolio is positively leveraged to post-COVID normalisation, higher inflation, and higher interest rates. This is achieved through overweight positions in the Diversified Financials, Resources, and select parts of the Consumer Discretionary sectors. In the defensive part of the portfolio, this is achieved through holdings in the sectors such as Healthcare, Insurance, Telco and Gold sectors.

### Global, Currency & Commodities (%)

|                    |       |
|--------------------|-------|
| S&P 500            | +1.5  |
| Nikkei 225         | +2.9  |
| FTSE 100           | +3.1  |
| Shanghai Composite | +1.5  |
| RBA Cash Rate      | 3.60  |
| AUD / USD          | 66.1c |
| Iron Ore           | -17.3 |
| Oil                | -0.3  |
| Gold               | +1.1  |
| Copper             | -5.2  |

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