

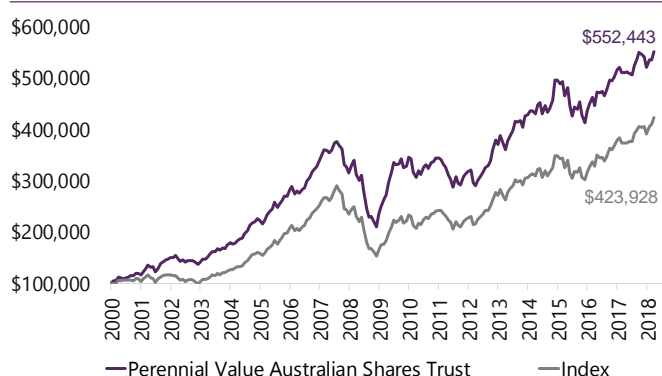
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Australian Shares Trust*	3.2	6.3	9.1	9.1	6.7	9.9	10.7
S&P/ASX 300 Accumulation Index	3.2	8.4	13.2	13.2	9.1	10.0	8.2
<b>Value Added (Detracted)</b>	<b>0.0</b>	<b>-2.1</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-2.4</b>	<b>-0.1</b>	<b>2.5</b>
Net Performance	3.2	6.1	8.2	8.2	5.9	8.9	9.8

\*Gross Performance. \*Since inception: March 2000. Past performance is not a reliable indicator of future performance.

## Overview

- The Australian stock market shrugged aside ongoing global political uncertainty to deliver a return of 3.2% for the month of June, bringing the total return for the financial year to 13.2%.
- The market was led higher by the major banks which recovered some of their previous losses and the energy sector which rallied on the stronger oil price.
- Offshore markets were subdued, with the S&P500 and Nikkei 225 both up 0.5%, while the FTSE100 and the Shanghai Composite declined -0.5% and -8.0% respectively.

## Growth of \$100,000 Since Inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Perennial Value Australian Shares Trust

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Portfolio Manager **Trust FUM**  
John Murray **AUD \$1.1 billion**

Distribution Frequency **Minimum Initial Investment**  
Half yearly **\$25,000**

Trust Inception Date **Fees**  
March 2000 **0.92%**

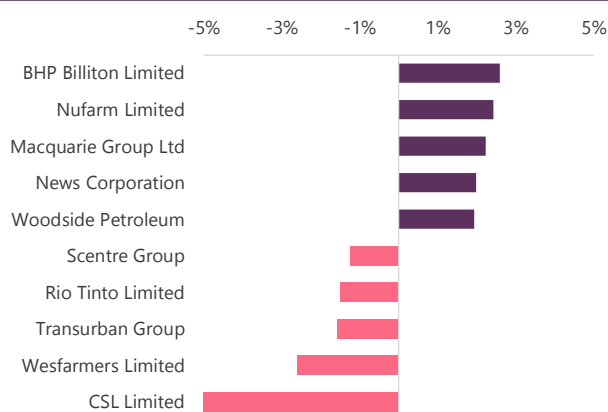
APIR Code  
IOF0200AU

Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	14.4	15.8
Price to Free Cash Flow (x)	13.1	15.7
Gross Yield (%)	6.2	5.7
Price to NTA (x)	2.1	2.4

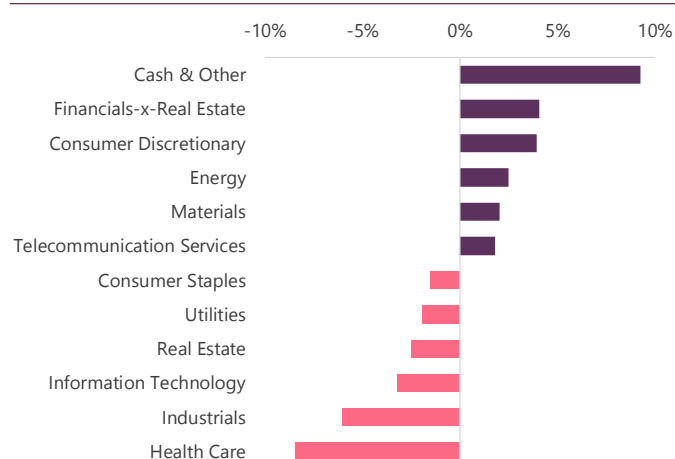
Source: Perennial Value Management. As at 30 June 2018.

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.

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Trust Review

The month saw very strong performances from some of the smaller-cap names held in the portfolio. The best performing stock was Gateway Lifestyle (+32.4%), which received a takeover offer from Hometown, a US-based company operating a similar business model to Gateway and which is keen to expand into the Australian market. US-based hedge fund manager Navigator Global Investments (+16.1%) also rallied strongly after providing details around a highly-accretive acquisition they have recently made.

At the larger-cap end, Caltex Australia (+10.6%) rose after providing sound first half earnings guidance combined with the announcement that the proposed purchase of Woolworths' fuel business by BP would not proceed. Caltex is currently the fuel supplier to the Woolworths petrol station network and the retention of this business would be a significant positive. Energy stocks Woodside Petroleum (+9.4%) and Origin Energy (+4.5%) both outperformed on the stronger oil price, while Suncorp (+8.6%), Macquarie Group (+8.2%) and Woolworths (+7.0%) all continued their strong recent performances. Other good performers included Lendlease (+5.5%) after announcing it has secured another major urban regeneration project in London. Scentre Group (+5.0%), Newcrest (+5.0%) and Boral (+4.1%) also outperformed.

During the month we increased our exposure to the major banks, having moved to an overweight position last month, benefitting as they rallied an average of +4.1% over June. In our view, the banks are offering attractive valuations, having been sold off over the past year.

Stocks which detracted from performance included Nufarm (-6.6%) which eased after performing strongly in recent months, Event Hospitality (-6.0%) which was softer on weaker box office takings and Vocus Communications (-4.1%), which continues to be volatile. Telstra (-6.6%) declined after lowering earnings on the back of increased mobile competition.

## Market Review – Australia (%)

S&P/ASX 300 Accumulation Index	+3.2
Energy	+7.7
Materials	+1.7
Industrials	+0.6
Consumer Discretionary	+2.1
Health Care	+2.5
Financials-x-Real Estate	+4.0
Real Estate	+2.3
Information Technology	+5.9
Telecommunication Services	-5.5
Utilities	+5.9

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## Trust Activity

During the month, we took profits and trimmed our holding in a number of stocks which had performed strong over recent times including Lendlease, Navigator Global Investments, Gateway Lifestyle and Macquarie Group. Proceeds were used to increase our holdings in the major banks as well as introducing a number of new value ideas into the Trust. At month end, stock numbers were 48 and cash was 8.3%.

## Outlook

While the level of volatility in markets is likely to increase going forward, driven by factors such as ongoing trade policy uncertainty, the global economic backdrop continues to be positive, with all major regions delivering improved growth. While the domestic economy has been subdued, recent data is increasingly positive. Should this continue, the Trust will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources companies as well as in a range of quality industrial and financial companies which are trading on attractive valuations. This scenario would also see continued upwards pressure on interest rates, which would benefit the Trust through its underweight position in the expensive defensive sectors such as healthcare, REITs and infrastructure.

The Trust continues to exhibit Perennial Value's true to label value characteristics, with the Trust offering better value than the overall market on each of our four valuation characteristics: price to earnings, price to free cash flow, gross dividend yield and price to net tangible assets.

**As always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.**

## Global, Currency & Commodities (%)

S&P500	+0.5
Nikkei225	+0.5
FTSE100	-0.5
Shanghai Composite	-8.0
RBA Cash Rate	1.50
AUD / USD	-2.4
Iron Ore	+0.8
Oil	+2.4
Gold	-3.5
Copper	-3.9