

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Australian Shares Trust (Net)	1.6	15.1	14.0	-2.4	2.8	5.6	9.0
S&P/ASX 300 Accumulation Index	1.3	13.8	13.7	1.7	6.9	8.8	8.0
Value Added (Detracted)	0.3	1.3	0.3	-4.1	-4.1	-3.2	1.0

Since inception: March 2000. Past performance is not a reliable indicator of future performance.

Overview

- Global markets rose in December, building on November's strong gains, as markets continued to look optimistically towards a post-Trump, post-COVID future, with all major global indices delivering positive returns.
- The Australian market also rose, with the ASX300 Accumulation Index finishing the month up 1.3%, as generally positive economic news and corporate trading updates offset concerns over the COVID outbreak in NSW. Over what has been an extraordinary year, the market has delivered a total return of +1.7% and has recovered to be within 8% of its pre-COVID high.
- The Trust returned +1.6% in December, outperforming the market by 0.3%, as improving global growth prospects saw an ongoing rotation out of some of the more expensive growth stocks and towards the better value, more cyclical parts of the market.
- Since the market's low, the Trust has performed well, returning +57.4% and outperforming the market by 8.9%. Over this period, many holdings rallied strongly, as it is during recovery phases that value stocks often deliver significant outperformance.

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 Managers	Trust FUM
Stephen Bruce, Damian Cottier, Andrew King	AUD \$710 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
March 2000	0.92%

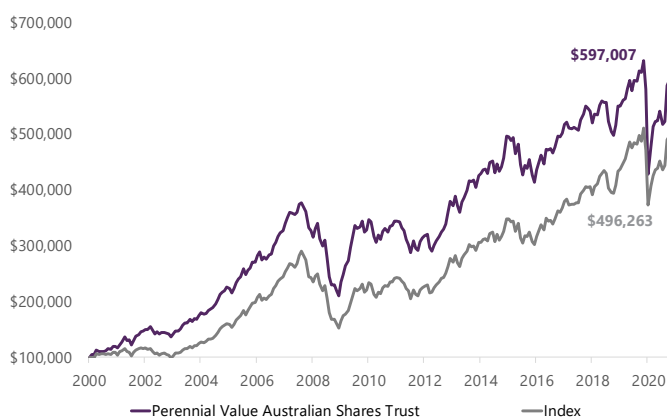
APIR Code
IOF0200AU

Portfolio Characteristics – FY22	Trust	Market
Price to Earnings (x)	16.3	18.4
Price to Free Cash Flow (x)	14.1	16.5
Gross Yield (%)	4.7	4.3
Price to NTA (x)	2.2	2.5

Source: Perennial Value Management. As at 31 December 2020

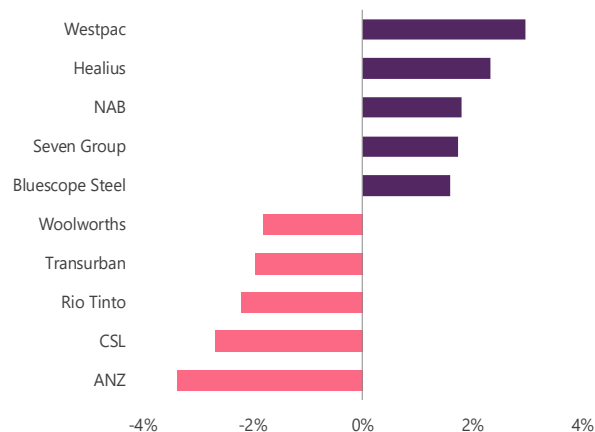
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Growth of \$100,000 Since Inception

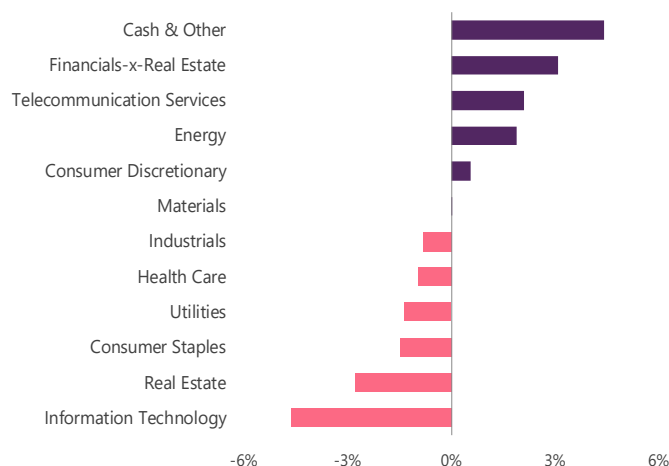


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Global markets rose in December, building on November's strong gains, as markets continued to look optimistically towards a post-Trump, post-COVID future. All major global indices delivered positive returns on the prospect of a recovery in economic activity and growth, as well as a return to a more stable global political environment.

The Australian market also rose, with the ASX300 Accumulation Index finishing the month up 1.3%, with generally positive economic news and corporate trading updates offsetting concerns over the COVID outbreak in NSW. The Trust delivered a return of +1.6% in December, outperforming the market by 0.3%, as improving global growth prospects saw an ongoing rotation out of some of the more expensive growth stocks and towards the better value, more cyclical parts of the market. Over what has been an extraordinary year, the market has delivered a total return of +1.7% for the last 12 months and has recovered to be within 8% of its pre-COVID high.

Since the market's March low, the Trust has performed well, returning +57.4% and outperforming the market by 8.9%. Over this period, many holdings rallied strongly, as it is during recovery phases that value stocks often deliver significant outperformance. Over this period, the Trust has also benefitted from very strong performances from a number of stocks which we acquired at very attractive prices during the selloff. In particular, many of the Trust's mid and small cap holdings performed very well, with strong stock-specific drivers.

Metals and Mining (+10.6%) was the best performing sector over the month, as continued strong Chinese steel production drove demand for iron ore. At the same time, global supply expectations were lowered due to ongoing production issues in Brazil. These factors conspired to see the iron ore price up over 22% during the month. The Trust benefited from the strong iron ore price through holdings in miners, Fortescue Metals (+28.5%) and BHP (+11.5%), as well as mining services companies NRW Holdings (+10.2%), Seven Group (+6.1%) and Monadelphous (+5.3%), which support the iron ore producers. In addition, the Trust has a holding in Deterra (+4.3%), which was recently spun out of Iluka Resources and derives its revenue in the form of a royalty payment from BHP, based on the iron ore price.

Independence Group (+37.4%) was another strong performer in December. During the month, the Trust participated in a capital raising by the company to fund its US\$1.4bn investment in the lithium sector. Under the transaction, the company is acquiring stakes in the world's largest and lowest cost hard rock lithium mine and Australia's first lithium processing plant. When combined with the company's existing nickel, cobalt and copper assets, these high-quality lithium assets give the company a unique position across the full range of "new energy" metals, demand for which is expected to be strong as the move to renewable energy generation and electrification gathers pace. Other resources holdings which performed well on the back of stronger commodity prices included mineral sands producer, Iluka Resources (+21.5%), copper producer, Oz Minerals (+15.7%) and aluminium producer, Alumina Ltd (+4.9%).

Generally improving sentiment saw consumer-related stocks perform well. City Chic Collective (+45.7%) was a standout, with the stock rallying after announcing the acquisition of UK-based brand "Evans". Consistent with its strategy, the company is only acquiring the online and wholesale assets, rather than the bricks and mortar stores, as it seeks to grow into a leading global online retailer of plus-size women's clothing.

Grocery wholesaler, Metcash (+17.3%) rallied after delivering a strong first half result which showed significant sales volume growth across each of its grocery, liquor and hardware divisions. Further, the company reported that the strong sales momentum had continued into the second half. Other retail holdings which performed well included vehicle leasing business Smartgroup (+8.2%) and Super Retail Group (+6.6%), owner of chains such as BCF, Rebel and Supercheap Auto.

Holdings which detracted from performance included QBE Insurance (-14.7%), which was sold off after delivering a weaker than expected trading update and Event Hospitality (-11.3%), which declined after the sale of its German cinema operations fell through. Energy and Financial holdings also eased after their very strong rallies in November. We remain comfortable with each of these holdings.

Trust Activity

During the month, the Trust continued to build its position in pathology and diagnostic imaging company, Healius. While near-term earnings are being boosted by COVID testing, there is a medium-term opportunity for operating performance to be significantly improved. Further, the company has an ungeared balance sheet and may well become a takeover target at some point. Holdings were also increased in a number of good value opportunities including IAG, Carsales, Virgin Money UK and TPG Telecom. This was funded by taking profits and reducing or exiting a number of stocks which had performed strongly including Magellan Financial Group, Iluka Resources, Fortescue Metals, Monadelphous and NAB. At month end, stock numbers were 60 and cash was 3.9%.

Outlook

The start of 2021 may well mark a significant turning point for the global economy and markets, with the prospects of a near-term roll-out of an effective COVID vaccine underpinning the reopening of economies and a return to growth. Importantly also, the change of leadership in the US should usher in a period of stability in terms of domestic and international policy and, hopefully, a generally more harmonious backdrop. The election result of a Biden win, means there is likely to be increased fiscal stimulus, which should be positive for economic growth, corporate earnings and markets overall.

While the recent COVID outbreak in NSW and associated restrictions presents some risk to the positive domestic outlook, it seems to be to be largely under control at present, meaning the impact on activity levels, may not be significant or long-lasting. Further, key indicators around employment, loan deferrals 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.

Invest Online Now

Contact Us  Level 27, 88 Phillip Street, Sydney NSW 2000  invest@perennial.net.au  www.perennial.net.au  1300 730 032

Signatory of:
 Principles for Responsible Investment



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website www.perennial.net.au.