

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since Inception [^] (% p.a.)
Perennial Value Australian Shares Trust (Net)	-3.6	-4.4	0.2	-0.3	4.8	3.0	14.0	6.9	5.2	8.9
S&P/ASX 300 Accumulation Index	-3.3	-2.9	3.9	2.6	8.4	5.3	13.2	8.6	7.1	8.1
Value Added	-0.3	-1.5	-3.7	-2.9	-3.6	-2.3	0.8	-1.7	-1.9	0.8

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

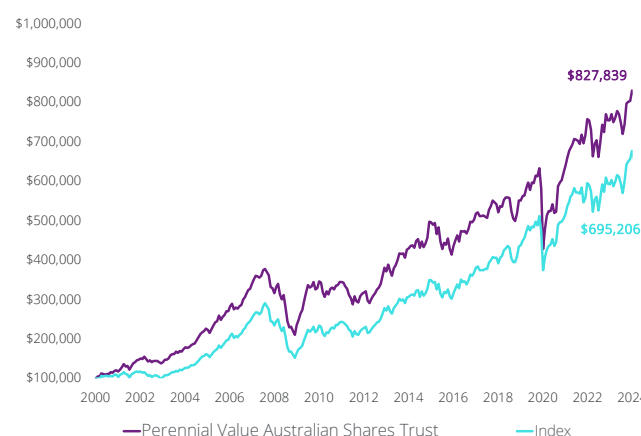
Overview

Markets were softer again in March, with rising uncertainty from ever-changing tariff expectations, weakening consumer confidence and a softening economic outlook, leading to concerns of stagflation, plus the resumption of hostilities in Gaza, the lack of a ceasefire in Ukraine, and the general political circus in Washington (or Mar-a-Lago).

This saw most major markets lower, with the S&P500 down -6.2% and the NASDAQ down -8.0%. The Nikkei 225 fell -3.3% and the FTSE100 was off -2.0%. European markets were also weaker. The Chinese market recorded a modest gain, rising +0.4%, making it the best performing market over the last 12 months, with a rally in the Tech sector following the release of DeepSeek.

The Australian market was also weaker, with the ASX300 Accumulation Index falling -3.3%. Declines were broad-based, with all sectors logging negative returns, other than Utilities (+1.5%) and Metals & Mining (+1.3%), which saw strong performances from the gold miners. IT (-9.1%) and Consumer Discretionary (-6.2%) were the worst performing sectors, while the traditionally defensive Healthcare sector (-4.7%), was impacted by US tariff and regulatory uncertainty.

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.

Fund Characteristics

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and 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

Stephen Bruce, Andrew King

Trust FUM

AUD \$409 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2000

Fees

0.92% p.a.

APIR Code

IOF0200AU

Portfolio Characteristics – FY26	Trust	Market
Price to Earnings (x)	16.7	16.9
Price to Free Cash Flow (x)	14.4	15.0
Gross Yield (%)	4.7	4.8
Price to NTA (x)	2.4	2.6

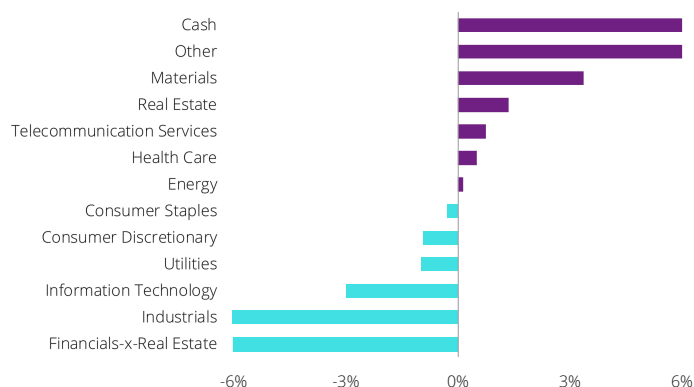
Source: Perennial Value Management. As at 31 Mar 2025

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

March was another soft and volatile month, with a skittish market reacting erratically to the daily swings in sentiment around tariffs and geopolitical issues. The Trust returned -3.6%, after-fees, in March, underperforming the Index by -0.3%.

Not surprisingly, our gold stock holdings performed strongly in the face of this uncertainty, which saw the gold price close the month up +9.3%, at a record US\$3,124/oz. This equates to nearly A\$5,000/oz, meaning very strong margins for Australian producers such as Northern Star (+8.3%), while our holding in Newmont (+16.0%) rallied even more strongly, coming off a lower base, having lagged its sector peers post its acquisition of Newcrest.

The risk-off market saw Telstra (+1.7%) continue to build on last month's strong performance, with its defensive earnings and domestic focussed operations. AI got a lot of mentions from companies in reporting season, but with very little detail. Telstra, for example, have formed a JV with their internal IT staff and Accenture to develop AI applications for the business. Discussing this with Telstra, it sounds like there is significant scope for cost reductions over time, with AI able to automate many network management functions, which are currently managed manually. This is in addition to the usual customer service, administration and software development functions, which can be increasingly automated. Time will tell, however, in the meantime, the company will continue to deliver strong, reliable cash flows from operations, supplemented by the occasional monetisation of parts of its unrivalled portfolio of infrastructure assets. For example, selling a minority stake in assets such as mobile phone towers or fibre optic cables to an infrastructure fund, while retaining operational control of the asset. Valuation arbitrages make this financially beneficial, as these funds typically pay significantly higher multiples than Telstra trades on. This is certainly a stock for the times and one of our preferred defensive holdings.

Despite the global macro uncertainty, the Resources sector outperformed overall. While trade disruptions would likely be negative for demand, in the short-term, prices of commodities such as copper and aluminium have rallied as people scramble to secure supply at "pre-tariff" prices. Further, despite all the negativity around the outlook for the Chinese economy, the price of iron ore remains stubbornly over US\$100/t, and the cash keeps rolling in for the big miners. This combined to see outperformance by our holdings in Rio Tinto (+4.8%) and BHP (-0.2%). By contrast, Fortescue Metals (-6.9%), which we do not hold, lagged, being a pure-play iron ore miner, and lacking exposure to "Future-facing" commodities such as copper and aluminium (announcements about uneconomic green hydrogen projects etc don't make up for this). Lynas (+1.8%), also outperformed, to be up +21.4% for the last 12 months, with "critical minerals" becoming ever more critical, as relations sour between the West and its strategic rival, China, which inconveniently also happens to be the dominant global supplier of rare earth metals. Unfortunately, you need these regardless of whether you're trying to build wind farms, weapons or the latest investment theme people are beginning to focus on – humanoid robots. Yes, these are almost here (which, when combined with AI, may or may not turn out to be a good thing for us all!)

Other outperformers included Integral Diagnostics (+8.7%), which bounced after being oversold after its result last month, QBE Insurance (+4.8%) and Nufarm (+3.9%).

James Hardie (-24.0%), was the largest detractor for the month. The stock was sold off after announcing a US\$8.75bn cash and scrip acquisition of NYSE-listed US building materials company AZEK. AZEK is a leading producer of trim and decking solutions, which are highly complementary to the James Hardie product range. However, the price paid was very full, leading to a sharp drop in the stock price. While large acquisitions have a history of disappointment, the AZEK business is high-quality, the combination makes clear commercial sense, and importantly, the business was not bought off private equity. Time will tell if this was a good deal, however, a lot of potential downside has now been captured in the share price.

Other US-exposed cyclical also were weaker on concerns around the potential for a slow-down, with Aristocrat Leisure (-11.0%), Orora (-10.9%) and Treasury Wines (-9.0%) all underperforming. XYZ Ltd (aka Block or Square) fell -16.1%. We continue to believe this is one of the stand-out opportunities in the market, with strong growth potential, while trading on a value multiple.

Trust Activity

During the month, we took profits and reduced our holding in Sandfire and further reduced our holdings in the banks. Proceeds were used to top up positions in oversold stocks, such as XYZ and Integral Diagnostics, and to reintroduce Woolworths to the portfolio following its recent underperformance. At month end, stock numbers were 57 and cash was 9.2%.

Outlook

At the time of writing, markets are in the process of throwing a "tariff tantrum", with most markets posting double-digit declines, following the announcement of larger-than-expected tariffs, based on an arbitrary (and absurd) formula. The Australian market has, so far, proven more resilient, potentially reflecting its relative safe-haven status amongst Asian regional markets. The ultimate extent, application and impact of US tariffs, and counter-tariffs imposed by other countries, remains to be seen. Clearly, however, the risks to growth and inflation, as well as the smooth functioning of the global economy in general, have increased markedly. On the positive, Australia seems relatively well-placed, with a moderate 10% tariff on our ~\$24bn of annual exports to the US. Further, looking at the composition of our listed market, the overall direct impact on most of our large companies appears to be fairly limited. This is due to them either having a predominantly domestic focus, or limited exports to the US. Of course, the indirect impacts could be significant, as the Australian economy and stock market would not be immune from the effects of a global downturn. While this outcome is not a foregone conclusion, if it did transpire, we would likely see interest rate cuts brought forward by the RBA and other central banks.

While there is a high level of economic and political uncertainty, 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

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