

	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)	2.0	-6.0	2.2	3.0	4.7	3.8	12.1	6.7	5.6	8.9
S&P/ASX 300 Accumulation Index	3.6	-3.7	7.6	9.5	9.3	6.8	12.1	8.5	7.7	8.2
Value Added	-1.6	-2.3	-5.4	-6.5	-4.6	-3.0	0.0	-1.8	-2.1	0.7

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

Overview

April got off to a poor start, with the “Liberation Day” tariff announcements seeing the markets down sharply. However, as the month progressed, a series of more conciliatory announcements saw a dramatic reversal of sentiment, with most markets rallying, to recover the majority of their losses. The S&P500 was down only -0.8%, while the NASDAQ rose +0.9% and the Nikkei 225 gained +1.2%. The FTSE100 was off -0.7%, while the Chinese market fell -1.6%.

The Australian market followed a similar pattern, with the ASX300 Accumulation Index falling sharply, then rallying strongly to finish the month up +3.6%. The Australian market has delivered a total return of +9.5% for the last 12 months and is only -6% below its all-time high.

Advances were broad-based, with all sectors other than Energy, delivering positive returns. Interest rate sensitive sectors performed the strongest, with Consumer Staples (+6.8%), telcos (+6.4%), REITs (+6.3%), IT (+6.3%) leading the rally. The banks also outperformed (average +5.8%). Resources lagged on China concerns, with Metals & Mining (+1.2%), while Energy (-7.5%) fell sharply, as the oil price declined due to a combination of weaker than expected demand and increased production.

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 \$412 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2000

Fees

0.92% p.a.

APIR Code

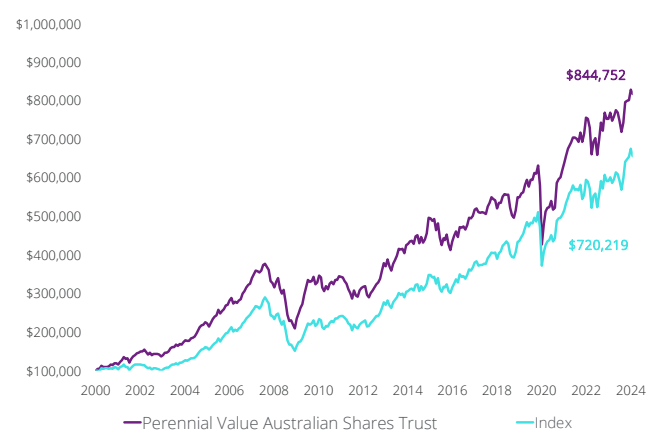
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Portfolio Characteristics – FY26	Trust	Market
Price to Earnings (x)	16.9	17.0
Price to Free Cash Flow (x)	13.9	15.1
Gross Yield (%)	4.6	4.7
Price to NTA (x)	2.4	2.6

Source: Perennial Value Management. As at 30 Apr2025

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

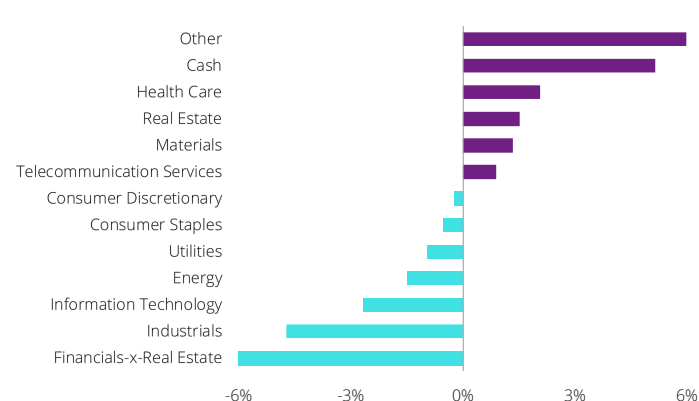


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Market volatility continued in April, as investors reacted to the ever-changing narratives around tariffs and other geopolitical issues. The Trust returned +2.0%, after-fees, underperforming the Index by -1.6%. Key positive contributors to performance included rare earths miner, Lynas (+17.6%), annuity provider, Challenger (+17.6%), gold producer, Newmont (+6.4%) and REITs, Vicinity (+7.3%), Dexxus (+6.2%) and GPT (+6.2%). Telstra (+7.1%) and US fintech, Block (6.7%) also outperformed. However, this was more than offset by sell-offs in more cyclical holdings such as base metals miner, South32 (-14.6%), Treasury Wines (-8.3%) and James Hardie (-3.8%). Performance was also impacted by underweight positions in expensive large cap stocks such as CBA (+10.4%) and Wesfarmers (+8.8%).

After posting several years of solid outperformance, the last 18 months have proven particularly challenging for Value style investing. Beginning in late 2023, growth stocks have experienced significant outperformance, largely driven by multiple expansion, as the turn in the interest rate cycle came into view. Then, following the US elections in November 2024, the market has moved to a risk-off setting, which has seen cyclical stocks sold off aggressively, despite their trading on relatively undemanding valuations, as money has moved into stocks with perceived defensive characteristics, regardless of valuation.

The poster child for this is CBA, the largest stock in the index, which rallied +10.4% in April (on no news). CBA has delivered a total return of +50.2% over the last 12 months and is currently trading on an FY26 P/E of 27x, with a gross dividend yield of just 4.3% and forecast EPS growth of only 2%. With a negligible chance of earnings materially surprising to the upside and in any way remotely justifying the valuation, you really wouldn't want anything to go wrong from here. Indeed, when you ask management, their main focus is, in effect, "not stuffing up" (which perhaps many other companies would do well to consider as their primary objective also). By contrast, most cyclical stocks appear to be factoring in recessionary outcomes.

While always disappointing, it is unsurprising that the Trust has lagged the market over this period. Looking forward, however, should there be a sensible resolution to the trade and tariff situation – as there almost certainly will be – then the economic backdrop would be far more positive than the share prices of many more cyclical stocks would suggest. In this case, we would expect strong performance from many of our holdings as they re-rate from their current, depressed valuations.

Key holdings where we see significant upside include those exposed to the US economy, such as Treasury Wines. The stock has been sold down on valid concerns over the US consumer. However, Treasury serves the more resilient premium end of the market and, importantly, produces most of the wine it sells in the US in California, so is not impacted by tariffs. The stock is down -23% over the last 12 months, and trading at -20% discount to the market, on an FY26 P/E of only 12x. Historically, this stock has traded on a P/E premium of around +30% to the market. While the short-term macro concerns are valid, and sales of Penfolds into China will not grow the way it used to, it's not hard to see this stock enjoying a very strong re-rating at some point. Also in the beverage space, and trading on only 12x is Orora, a leading global manufacturer of glass bottles for the wine and premium spirits industry, and the largest producer of cans in Australia. This is an unexciting, but well-run business with an excellent balance sheet, which has historically commanded a premium multiple, and we would expect to see a re-rating as the air clears around imports of spirits from Europe and Mexico into the US.

In the building materials space, we recently added Reliance Worldwide to the portfolio. This stock is a leading supplier of plumbing fittings, best known for its innovative "Shark bite" push-to-connect fitting, which brings significant efficiencies to plumbing jobs. It also has a large US business, with its products being distributed through over 20k plumbing and hardware outlets, including Home Depot and Lowes. It also manufactures much of its product in China. With both exposure to the US economy and impacts from tariffs, this stock had been sold down sharply. However, we regard this as providing an attractive entry point as, firstly, the vast majority of their sales are to the repair and remodel market. This market is relatively stable (when your pipe freezes and bursts you have to fix it). Secondly, they have been able to quickly quantify a worst-case impact from tariffs in the coming year and communicate this to the market. In response, they are moving to quickly relocate manufacturing to more favourable locations. As these actions are implemented, we would expect the stock to re-rate towards the premium multiple it has historically traded on.

Trust Activity

During the month, we took profits and reduced our gold exposure by selling down part of our holding in Northern Star. We also took profits in Challenger and Lynas. In addition to establishing a position in Reliance Worldwide, proceeds were used to top up a number of holdings which had underperformed including, Macquarie Group, Aristocrat and CSL. At month end, stock numbers were 61 and cash was 5.2%.

Outlook

At the time of writing, markets have recovered their "Liberation Day" tariff losses and, while still below February highs, are well off their recent lows. Investors appear keen to buy the market on any signs that tariffs are being walked back and/or trade deals negotiated, particularly on any signs of dialogue between the US and China. Any sustained change in confidence and activity in the US is likely to set the tone for other markets, including ours. 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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