

	Month	Quarter	FYTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	Since Inception [^]
	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)
Perennial Value Australian Shares Trust (Net)	2.3	4.6	3.9	1.6	5.0	6.8	5.8	7.1	7.1	8.9
S&P/ASX 300 Accumulation Index	1.6	4.4	3.8	4.3	9.5	11.2	7.6	8.4	9.3	8.4
Value Added	0.7	0.2	0.1	-2.7	-4.5	-4.4	-1.8	-1.3	-2.2	0.5

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

Overview

Global markets were positive in August, as renewed excitement around the AI sector more than offset concerns around persistent inflation, rising bond yields and a re-escalation of tensions in the Middle East. All major markets rose over the month, with Shanghai Composite +4.1%, the NASDAQ +4.0%, and the S&P500 and Nikkei 225 both +3.1%. The FTSE100, with its lower Tech exposure, was up a more modest +0.2%.

The Australian market also delivered a positive return, with the ASX300 Accumulation Index +1.6%. The month saw significant sector rotation, with Healthcare (+18.1%) the best performing sector, while Resources (+11.5%) bounced back strongly after their pull-back in July. By contrast, the banks were weaker (down an average of -6.0%), giving back most of last month's gains, as credit growth slowed following the changes announced in the May budget. The company reporting season highlighted emerging weakness in the retail sector, and Consumer Discretionary (-7.3%) was the worst performing sector over the month.

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 \$309 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2000

Fees

0.92% p.a.

APIR Code

IOF0200AU

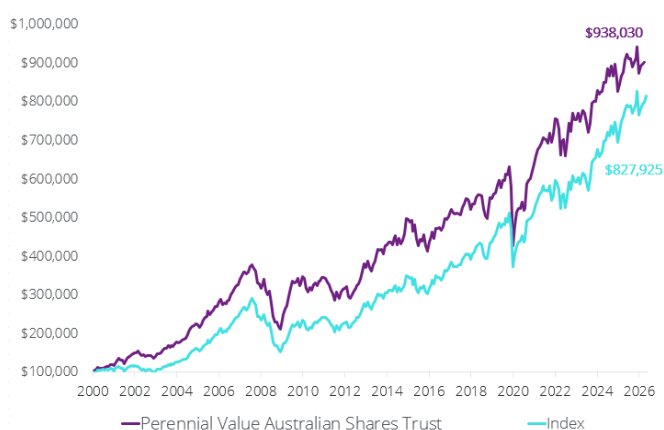
Portfolio Characteristics – FY28	Trust	Market
Price to Earnings (x)	17.3	16.9
Price to Free Cash Flow (x)	15.1	14.4
Gross Yield (%)	4.4	4.2
Price to NTA (x)	2.7	2.7

Note – Portfolio multiples are currently elevated relative to the market due to the underweight in Banks.

Source: Perennial Value Management. As at 31 August 2026

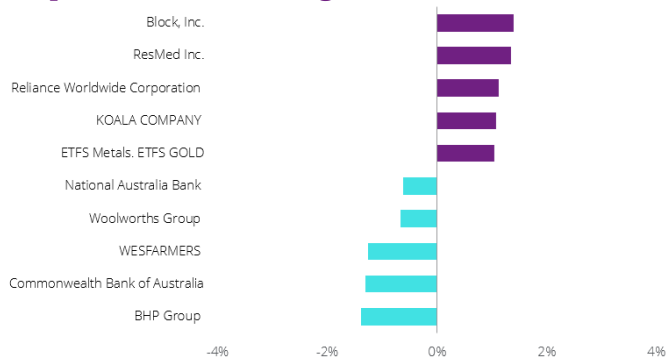
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Growth of \$100,000 Since Inception

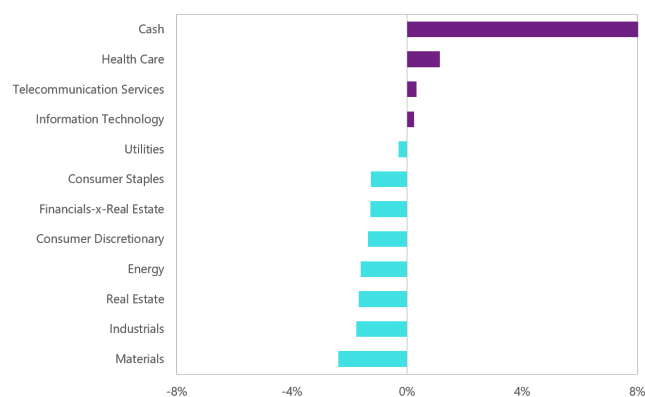


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust & Market Review

The ASX300 Accumulation Index rose +1.6% in August. The Trust returned +2.3%, after-fees, outperforming the benchmark by +0.7%.

While the ASX lacks a significant Tech exposure, it is blessed with the next best thing – a large Resources sector. While the iron ore industry has likely seen its best days, as Chinese fixed asset investment fades, demand for other metals, in particular copper, is expected to be boosted sharply by the AI roll-out. As a result, the Resources sector is something of an AI proxy. Further, this AI-driven demand increase is layered on top of the already strong demand created by the energy transition and renewables deployment. Similar dynamics are at play for range of other metals including aluminium, as well as critical minerals such as rare earths. Combined with increasingly constrained supply, this creates a very strong pricing outlook for many commodities going forward. This positive outlook is being reflected in the share prices of the miners, with BHP (+9.8%) and Rio Tinto (+4.3%) outperforming over the month, and each having returned over +50% over the last 12 months. Both delivered results which showed strong earnings growth from their large copper operations. For example, in FY26, a +35% increase in realised copper price, saw BHP's copper division EBITDA increase +48%, to account for over half of group earnings. Rio's copper division recorded an even greater increase in earnings.

Other resources holdings which performed strongly over the month included copper producers Sandfire Resources (+21.1%) and Capstone Copper (+18.6%), lithium miner, PLS Group (+30.1%), and rare earths miner, Lynas (13.1%). China currently dominates the global supply of these strategically-important minerals, for which demand is only likely to grow. For example, if you believe that the commercialisation of humanoid robots is just around the corner, then this would drive significant new demand, on top of already strong demand from electrification and the energy transition etc.

Australia's, and the ASX's, endowment with a world-leading resources sector is something we should all be even more thankful for than usual, as the rest of the economy becomes increasingly dysfunctional. Sadly, instead of leveraging our resources wealth into making Australia an innovative "high ROE" economy, we've instead ended up with a low-productivity Ponzi scheme, based on overvalued property and high levels of immigration, plus a bloated Government sector, whose profligate spending is crowding out private sector activity. As a result, we're all experiencing high inflation, low wages growth, and declining living standards. This has been reflected in a deteriorating consumer outlook, with retail stocks generally reporting weakening sales momentum post financial year end. This saw Consumer Discretionary (-7.3%) the worst performing sector over the month, with category leaders Wesfarmers (Bunnings and Kmart - 11.1%) and JB Hi-Fi (-16.8%) both sold down sharply. We continue to be cautious on the outlook for consumer-facing stocks and remain underweight the sector. One exception is online furniture retailer Koala (+39.3%), which bucked the trend after delivering its maiden result following its April IPO. The result showed strong sales growth and margin expansion and, importantly, management indicated that the momentum had continued into the current year.

During the month, CBA reported its full-year result and the other banks reported Q3 trading updates. The key takeouts from these were that, not only had earnings growth stalled, but mortgage applications were down around -20% post-budget, suggesting that earnings growth will become increasingly challenged. This saw the major banks underperform (down average -6.0%), and the Trust remains underweight the sector.

On the positive, bad debt levels continue to remain low for the banking sector. One of the reasons for this, of course, is that the banks are highly-regulated and have been progressively ceding the riskier parts of lending to – you guessed it – the unregulated private credit sector. Making risky loans is, of course, fine, just so long as you are pricing appropriately for that risk. Given the rate at which stresses are emerging, and with developers dropping like flies, it looks like we are going to find out sooner rather than later.

Other positive contributors included Healthcare names, CSL (+39.4%), Cochlear (+11.7%) and Resmed (+11.2%). The Healthcare sector is currently offering very attractive long-term value, with a number of high-quality businesses having been aggressively sold down over the last 12 months. While many stocks in this sector have certainly faced earnings headwinds in recent times, they remain global leaders in large and growing markets, with significant unmet patient demand. The IT sector, where we have been building positions, also showed signs of life, after delivering solid results, having been sold off heavily on fears of AI disruptions. Reliance Worldwide (+19.0%) also rallied after receiving a takeover offer.

Trust Activity

During the month, we trimmed holdings in a number of stocks which had rallied strongly, such as CSL, James Hardie and Aristocrat Leisure. Proceeds were used to increase positions in stocks such as QBE and Goodman Group, which had lagged the market in recent times. At month end, stock numbers were 68 and cash was 8.1%.

Outlook

Global markets are clearly betting that the Iran conflict will subside, and that while there are disruptions and inflation impacts yet to be felt, these can be looked through. Let's hope so. However, should disruptions drag on, stagflation becomes a greater risk. Given the level of debt in the global economy, it's hard to see how this would end well. Further, the Tech/AI trade that has fuelled the US market is beginning to show some sign of fatigue, as massive capex programs continue to be announced.

With the market not far from its highs, and cognisant of the risks above, we will remain agile and manage the portfolio accordingly. However, with risk comes opportunity, and the excessive volatility is creating very many good opportunities for longer-term investors such as ourselves.

Industrials have lagged Resources significantly over the last 12 months. As a result, we see excellent medium-term value in sectors such as Healthcare and Tech. Here, some very strong businesses, with leading market positions and/or very strong network effects, have been severely de-rated. While it may take some time to play out, we see the potential for strong future returns from many of these names.

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.

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