



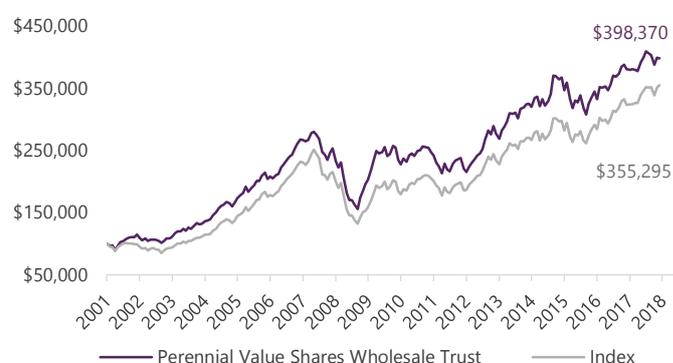
	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Shares Wholesale Trust*	-0.1	-1.0	5.7	5.6	3.7	8.5	9.3
S&P/ASX300 Accumulation Index	1.2	1.1	9.7	10.0	6.1	8.8	7.8
<b>Value Added (Detracted)</b>	<b>-1.3</b>	<b>-2.1</b>	<b>-4.0</b>	<b>-4.4</b>	<b>-2.4</b>	<b>-0.3</b>	<b>1.5</b>
Capital Growth	-0.2	-1.2	2.6	1.1	-1.1	3.7	1.6
Income Distribution	0.0	0.0	2.2	3.5	3.9	3.9	7.0
Net Performance	-0.2	-1.2	4.9	4.6	2.7	7.6	8.5

\*Gross Performance. \*Since inception: June 2001. Past performance is not a reliable indicator of future performance.

## Overview

- Increased political uncertainty was a key feature of the month, with the market dealing with a number of concerns including the ongoing US-China trade dispute, tensions over Korea and Iran and then finally the sell-off triggered by the Italian political issues.
- Despite this, the Australian market finished the month up 1.2%, bringing the total return for the last 12 months to 10.0%.
- Offshore markets which were also generally stronger, with the S&P500 up 2.2%, FTSE100 up 2.2%, Shanghai Composite up 0.4% while the Nikkei 225 declined -1.2%.

## 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 Shares Wholesale 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 \$1.0 billion

Distribution Frequency: Minimum Initial Investment  
John Murray: \$25,000

Trust Inception Date: Fees  
June 2001: 0.92%

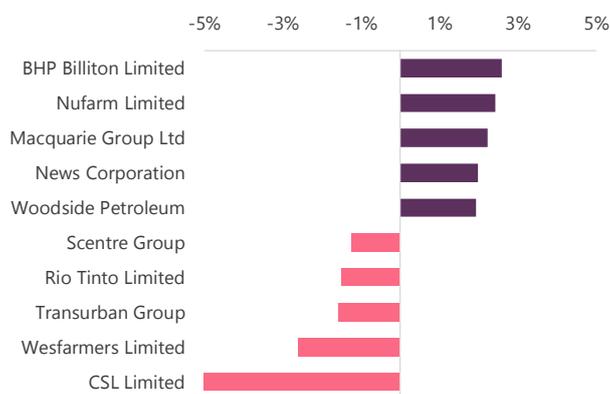
APIR Code: IOF0206AU

Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	13.9	15.3
Price to Free Cash Flow (x)	12.8	15.4
Gross Yield (%)	6.3	5.9
Price to NTA (x)	2.0	2.3

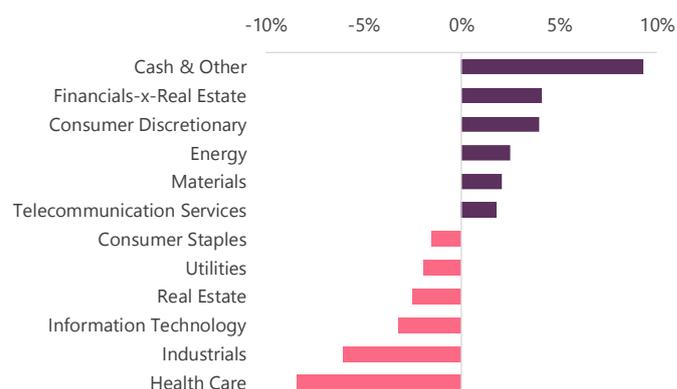
Source: Perennial Value Management. As at 31 May 2018.

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



## Sector Active Exposure



## Trust Review

Better performing holdings over the month included US-based fund manager Navigator Global Investments (+19.8%), which rallied strongly after providing details of a highly-complimentary acquisition which is expected to provide significant earnings growth over coming years. Macquarie Group (+8.1%) performed strongly after delivering a solid FY18 profit result which saw earnings up 15% and dividends up 12%. In our view, this business has numerous growth drivers and is particularly well-placed to benefit from the global growth in renewable energy investment. BHP (+5.9%), rose on the back of the higher oil price and Nufarm (+4.1%) continued its strong performance over recent months. This is a business is very well positioned to benefit from the consolidation which is occurring in the global crop chemicals market.

Other stocks which outperformed included Lendlease (+5.0%), with its strong global pipeline of large scale urban regeneration projects, Crown Resorts (+2.6%), Event Hospitality (+2.5%) and Amcor (+2.4%).

Stocks which detracted from performance included Telstra (-11.9%) which fell after indicating that it expects full-year profits to be at the lower end of its previous range and Graincorp (-10.1%) which declined on concerns over the current seasonal outlook. Boral (-8.9%) also sold off after lowering earnings guidance on the back of poor weather in Australia and operational issues in the US.

## Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+1.2
Energy	+0.4
Materials	+2.0
Industrials	+1.2
Consumer Discretionary	+5.3
Health Care	+5.5
Financials-x-Real Estate	-0.1
Real Estate	+3.0
Information Technology	+2.0
Telecommunication Services	-10.1
Utilities	+1.0

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## Trust Activity

During the month, we sold our holding in Westfield Corp as the takeover became certain. We took profits and sold out of our holding in Bluescope Steel and reduced our holding in Oz Minerals. We also exited our remaining position in AMP given the high level of uncertainty around the business. At month end, stock numbers were 39 and cash was 9.2%.

## Outlook

While the level of volatility in markets is likely to increase going forward, driven by factors such as ongoing trade policy uncertainty and the recent developments in Italy, 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 and 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	+2.2
Nikkei225	-1.2
FTSE100	+2.2
Shanghai Composite	+0.4
RBA Cash Rate	1.50
AUD / USD	+0.2
Iron Ore	-2.3
Oil	+2.3
Gold	-1.3
Copper	-0.3

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