

	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)	1.1	5.9	6.0	6.0	7.3	9.7	10.8	6.8	6.5	9.0
S&P/ASX 300 Accumulation Index	1.4	9.5	13.7	13.7	12.8	13.3	11.8	8.7	8.8	8.4
Value Added	-0.3	-3.7	-7.7	-7.7	-5.5	-3.6	-0.9	-1.9	-2.3	0.6

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

Overview

Markets extended their gains in June, with investors unphased by conflict and clearly betting that the outlook will be positive, with a combination of trade tension de-escalation and interest rate cuts. All major markets delivered positive returns, with the S&P500 up +4.5%, while the NASDAQ added a further +6.6%, with both ending the month at new record highs. The Nikkei 225 gained +6.8% and the Shanghai Composite rose +3.6%. Emerging markets were also strong, boosted by the weaker USD. The UK market was the weakest, with the FTSE100 closing flat for the month.

The Australian market was also positive in June, with the ASX300 Accumulation Index rising +1.4%. The market has now delivered a total return of +13.7% for the last 12 months, rallying nearly +20% from its April low, and setting a new high.

Sector performance was mixed, with Energy (+8.9%) leading the market on the back of a spike in the oil price following the outbreak of conflict with Iran. Financials (+4.3%) continued their strong performance, driven by the major banks. Rate-sensitive sectors were also positive, with Telcos (+1.7%), REITs (+1.7%) and Consumer Discretionary (+1.2%) all outperforming. Resources lagged on weaker commodity prices and a pull-back in gold stocks.

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 \$415 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

March 2000

Fees

0.92% p.a.

APIR Code

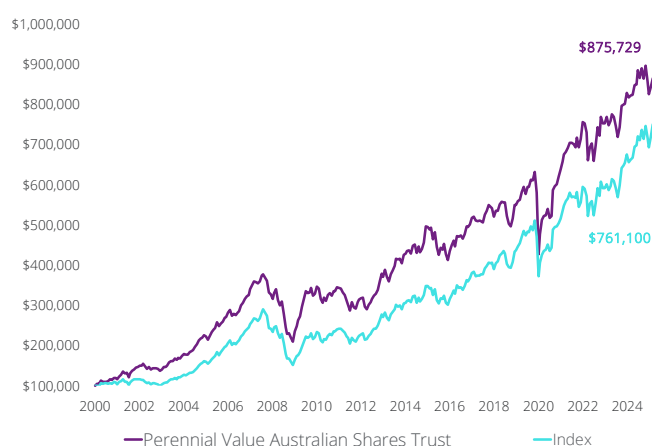
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Portfolio Characteristics – FY26	Trust	Market
Price to Earnings (x)	16.8	17.2
Price to Free Cash Flow (x)	15.2	15.3
Gross Yield (%)	4.6	4.5
Price to NTA (x)	2.2	2.6

Source: Perennial Value Management. As at 30 June 2025

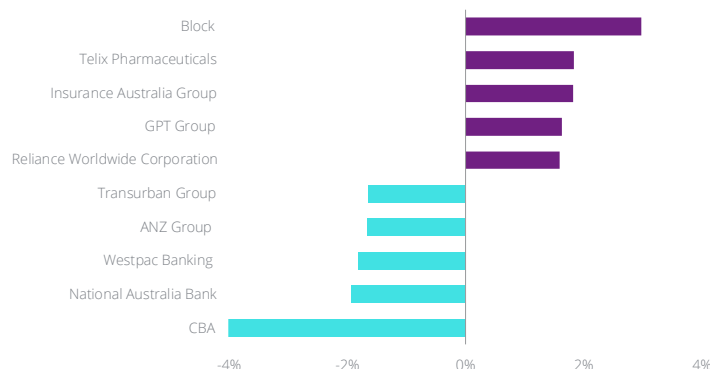
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Growth of \$100,000 Since Inception

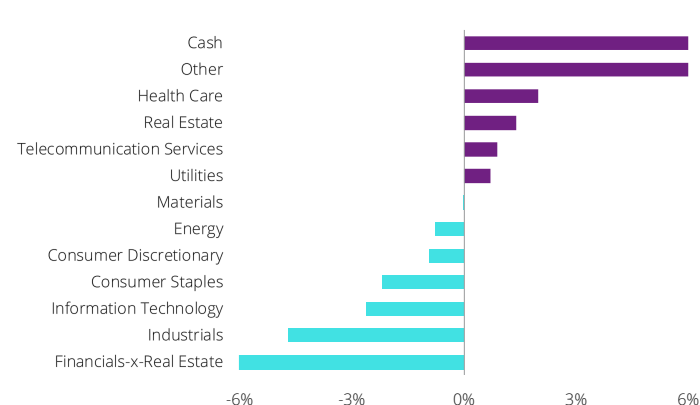


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Buoyant markets saw the ASX300 Accumulation Index deliver its third consecutive month of positive returns, rising +1.4%, to a new record high. For the financial year, the market has delivered a healthy total return of +13.7%. Growth and momentum were the dominant drivers of the market over the past year, as the money followed the US lead and poured into sectors such as Tech, while passive flows indiscriminately pushed up the prices of large index weight stocks such as CBA and Wesfarmers, even further beyond fair value. By contrast, many cyclical stocks have been sold off aggressively, despite their trading on relatively undemanding valuations. As a result, parts of the market appear to be factoring in a very benign outlook, while others are reflecting near-recessionary outcomes.

This dynamic has presented a difficult backdrop for Value investors over the past 18 months, with the Trust lagging the market after several years of strong outperformance. 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. At the same time, many expensive stocks, which lack valuation support, are at risk of significant de-rating, as money rotates out of them towards better value opportunities.

Key positive contributors to performance over the month included James Hardie (+17.7%), which regained some of the ground it lost after announcing the acquisition of US-based building materials company, AZEK. While the acquisition has clear strategic merit, the market was negative around the price paid and the fact that the transaction would be dilutive to the company's return on equity going forward. Further, history suggests that large offshore acquisitions often fail to deliver the expected benefits. Offsetting this, is the fact that James Hardie has long been a predominantly US-based company, deriving over 80% of its earnings from North America. Time will tell if the acquisition delivers the promised benefits, however the share price is factoring in a lot of negativity, and for now, the company continues to perform well operationally. Further, it is leveraged to any improvement in the US housing market.

Lynas Rare Earths (+9.1%) continued its strong performance, as ongoing trade tensions highlighted the increasing strategic importance of rare earths, and the value of aligned sources of these metals in a market whose supply chain is dominated by China. Against this backdrop, Lynas has delivered a total return of +45.2% over the last 12 months. Pilbara Resources (+7.7%) also outperformed, on signs that the lithium price may be bottoming, after a period of oversupply and weak demand saw prices fall sharply.

Energy stocks Woodside Energy (+6.2%) and Amplitude Energy (7.7%) outperformed on the spike in the oil price following the outbreak of hostilities between Israel and Iran. Santos (+16.2%), in which the Trust holds an underweight position, rallied after receiving a takeover offer from a consortium comprising the Abu Dhabi National Oil Company and US private equity firm, Carlyle. In our view there is a significant risk that this transaction will not be approved by FIRB given the political sensitivity around domestic gas supply and energy costs. The oil price has retreated to "pre-conflict" levels, and the Trust retains a neutral position to the sector.

The Trust's main gold exposure, Newmont (+8.3%), outperformed, in contrast to the rest of the sector, which retreated on profit-taking after performing strongly over the past 12 months. The Trust holds an underweight position in the gold sector.

Other positive contributors included Integral Diagnostics (+5.0%), with Medicare data showing continued strong growth in radiology benefits. This sector is also seeing a heightened level of M&A activity. Macquarie Group (+6.8%) rallied, being leveraged to positive market sentiment and optimism that corporate activity may begin to recover. Rapidly-growing asset manager, MA Financial (+5.9%), also outperformed. US Fintech, Block (+6.4%), continued to recover from its recent sell-off. This is one of our highest conviction positions, with strong forecast growth and trading on a very undemanding valuation.

Key detractors over the month included the major banks which rose an average +3.2%, led by CBA (+5.0%). Much has been written about the CBA bubble, and it is only a matter of time until this deflates. Other detractors included the bulk miners, which fell on a softening in the iron ore price, Treasury Wines (-7.5%), which provided a cautious outlook for the coming year and biotech, Immutech (-15.8%), which declined on no particular news. We see significant upside in each of these stocks over the next 12 months.

Trust Activity

During the month, we reduced our gold exposure by exiting our position in Northern Star. We also took profits and exited our position in Challenger and further increased our underweight in CBA. Proceeds were used to increase our holding in Woodside Energy, Integral Diagnostics and Newmont. At month end, stock numbers were 56 and cash was 6.6%.

Outlook

At the time of writing, sentiment remains positive, with the market expecting interest rate cuts and a manageable resolution of tariff issues. This is also our base case assumption, and the portfolio is leveraged to a rebound in cyclical stocks, which is likely in the event of a permanent de-escalation of trade tensions. Clearly, however, the risks to growth and inflation, as well as the smooth functioning of the global economy in general, have increased markedly. Any sustained change in confidence and activity in the US is likely to set the tone for other markets, including ours. 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.

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