

	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 Shares Wholesale Trust (Net)	1.3	0.3	4.4	1.9	6.9	5.9	8.7	8.5	7.9	8.1
S&P/ASX 300 Accumulation Index	1.7	0.4	5.8	7.8	11.4	9.8	10.1	10.2	10.1	8.2
Value Added	-0.4	-0.1	-1.4	-5.9	-4.5	-3.9	-1.4	-1.7	-2.2	-0.1

[^]Since inception: June 2001. Past performance is not a reliable indicator of future performance.

Overview

Global markets started the new year strongly, buoyed by resurgent enthusiasm for AI stocks, solid US Q4 earnings results, surging commodity prices and stimulatory government policies. In the US, the S&P500 finished up +1.9%, and the NASDAQ rose +1.0%. The Japanese market was particularly strong, with the Nikkei 225 rallying +5.9%, on the back of fiscal stimulus measures under "Sanaeomics". The Chinese market was strong, with the Shanghai Composite up +3.9%, while the FTSE100 rose +3.0%.

The Australian market was also stronger, with the ASX300 Accumulation Index rising +1.7% in January, bringing the total return for the last 12 months to +7.8%. Resources again led the market higher, with Energy (+11.1%), as the oil price rallied on the potential for renewed hostilities between the US and Iran. Metals & Mining (+9.7%) was also very strong, on the back of broad-based commodity price strength. The gold price was particularly strong, setting a new high. IT (-9.1%) was the worst-performing sector, as investors worried about the prospect for AI to disrupt the business models of software and platform businesses. Interest rate-sensitive sectors were also weaker, with REITs (-2.8%) and Telcos (-1.8%).

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 \$369 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

June 2001

Fees

0.92% p.a.

APIR Code

IOF0206AU

Portfolio Characteristics – FY27	Trust	Market
Price to Earnings (x)	19.3	18.5
Price to Free Cash Flow (x)	17.1	16.0
Gross Yield (%)	4.1	4.0
Price to NTA (x)	2.8	2.8

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

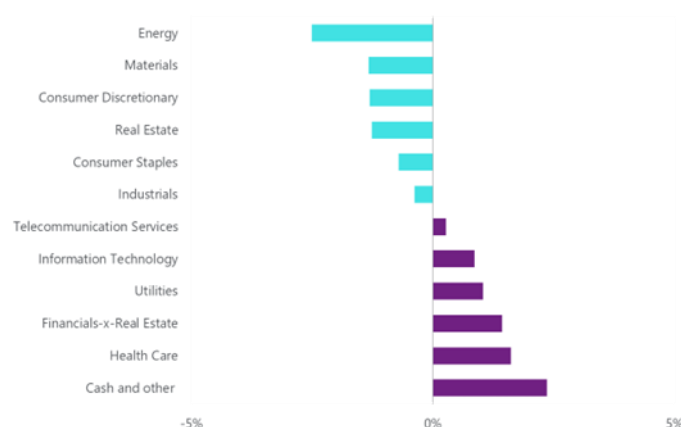
Source: Perennial Value Management. As at 30 January 2026

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.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Resources led the market higher in January, with Energy (+11.1%) rallying on a +15% increase in the oil price, as tensions ramped up in the Middle East, with the US massing forces ahead of a potential attack on Iran. Prior to this development, the oil price had been weak, with ample global supply. We expect this situation to return after tensions (hopefully) dissipate. Based on these fundamentals, the Trust holds a modest underweight position in the sector, primarily via Woodside Energy (+7.5%). Holdings in gas producer, Amplitude Energy (+7.2%), and energy-focussed engineering firm, Worley (+6.7%), also outperformed. These companies have different dynamics to global energy producers, with Worley having a significant renewables business, and Amplitude being exposed to the tight, east coast gas market. As a result, they are well-placed to grow earnings in the face of a reversion in the global oil price.

The Metals & Mining sector (+9.7%), was again very strong, with broad-based increases in commodity prices. The gold price continued its ascent, peaking at close to US\$5,400/oz intra-month, before pulling back to close the month +13% at US\$4,895. This saw very strong performances from our holding in Newmont (+15.4%) which we regard as the lowest-risk exposure in the sector. We have previously exited holdings in Northern Star Resources (+8.3%) and Evolution Mining (+16.0%), both of which have rallied very strongly over the last year. We have replaced these stocks with an ETF (GOLD.AX, +14.0%), which invests in gold bullion and tracks the AUD gold price. In our view, this is a lower-risk way of maintaining an exposure to the sector, given the extent to which the share prices of many gold stocks have risen in recent times. Overall, the Trust holds a neutral position in the gold sector.

Ongoing strength in the copper price (+6.9%) to a record high, saw further outperformance from holdings in copper miners, Sandfire Resources (+10.8%) and Capstone Copper (+9.2%). Electrification is expected to drive significant demand growth for copper, while at the same time, production is challenged globally, as grades decline at existing mines and new mines are delayed. Indeed, a lack of large-scale new copper projects will potentially be a catalyst for significant corporate activity in the resources sector.

BHP (+11.2%) also performed strongly, benefiting from its large copper exposure, as well as resilience in the iron ore price, which continues to trade above US\$100/t. This is despite the weakness in the Chinese economy, attempts to change the benchmark pricing index used, and concerns over new supply entering the market from the Simandou project in Guinea. Rio Tinto (+3.2%) lagged on concerns around a potential merger with Glencore. M&A risk aside, we remain overweight the bulk miners, as they are trading on undemanding valuations and have strong balance sheets. Further, if you were to assume spot commodity prices persist for the current financial year, these stocks will see significant EPS upgrades. This makes them very attractive, in a market which is expensive overall, and in which many stocks face earnings headwinds.

CBA (-7.0%) underperformed, beginning to derate slightly from its lofty multiple, while the other banks delivered modest positive returns. The move from a rate-cutting to a rate-rising cycle has improved the margin outlook for the banks. However, the competitive environment remains challenging, with players such as Macquarie Group (+4.4%), continuing to capture market share. Further, while credit growth has been strong, boosted by the Government's First Home Buyers scheme, this is likely to moderate, particularly as interest rates rise. Combined with persistent cost pressures, the earnings growth outlook for the sector remains muted. As a result, the Trust maintains an underweight position in the major banks.

One of the key recent developments in markets has been the sharp sell-off in the software sector. Both here and offshore, SaaS and platform business have been sold down on concerns that AI will significantly disrupt their business models. While this may or may not turn out to be the case longer-term, it is unlikely that there will be any material adverse impacts in the near-term. In fact, strong incumbent businesses are likely to be net beneficiaries, as they embed AI-enabled features to improve their products and services, as well as using AI to reduce development costs. In the meantime, however, investors are taking a shoot first and ask questions later approach. We are watching this sector closely, as given the ferocity of the sell-off, it is likely that there will be some extremely good opportunities presenting themselves at some point.

The main detractors over the month included Block (-10.4%), which declined on negative sentiment to the US payments sector, and Wisetech (-15.3%), which was sold off along with the Tech sector. Biotechs, Telix (-5.8%) and Immutep (-4.8%) both declined on no particular news. We see significant upside in each of these stocks.

Trust Activity

During the month, we took profits and reduced our holdings in rare earths miner, Lynas, and reduced our overweight in Block, given the increased uncertainty around the near-term outlook for the US consumer. Proceeds were used to increase our holdings in Origin Energy and Macquarie Technology Group. At month end, stock numbers were 68 and cash was 2.4%.

Outlook

Globally, investors are taking an optimistic view on the outlook, with expectations that interest rate cuts will both stimulate economic activity and support asset prices. Further, markets are taking a sanguine view around the potential impacts of trade and tariffs and the ever-increasing level of geopolitical tension and conflict (albeit these concerns are clearly manifesting in the gold price!). Of course, any sustained change in confidence and activity in the US will set the tone for other markets, including ours.

Domestically, the sharp change in expectations for RBA rate cuts has increased the level of uncertainty and downside risk. However, for now, the economy appears to be in reasonable shape, with unemployment low, spending robust and house prices strong.

While markets are buoyant at the index level, this is masking a high level of dispersion at the sector level. For example, while AI-related stocks are running rampant, major software companies have seen their biggest sell-off since the bursting of the Dot.com bubble. Formerly stable sectors such as Healthcare have been put at risk as funding pressures increase, and the cold, hard realities of commodity economics have seen a dramatic rally in Resources stocks. We expect this volatility to continue and will remain agile to manage the portfolio accordingly.

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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Principles for Responsible Investment



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