

	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)	2.0	-2.5	1.8	5.5	4.3	5.0	6.2	6.8	7.1	7.9
S&P/ASX 300 Accumulation Index	2.2	-1.5	4.2	10.1	9.8	9.6	8.2	8.5	9.3	8.1
Value Added	-0.2	-1.0	-2.4	-4.6	-5.5	-4.6	-2.0	-1.7	-2.2	-0.2

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

Overview

Global markets rallied sharply in April, buoyed by the supposed ceasefire in the Middle East, and renewed enthusiasm for the AI sector. The S&P500 rose +9.4%, while the NASDAQ ripped +15.3%, both setting new record highs, and logging their best monthly performances since the vaccine-inspired rally of 2020. The Japanese market rose strongly, with the Nikkei 225 up +16.1%, and the Shanghai composite lifted +5.7%. The FTSE 100 was the laggard, up +2.3%.

The Australian market logged a relatively subdued return, with the ASX300 Accumulation Index up a more modest +2.2%. IT (+12.3%), was the best-performing sector, with software stocks seeing some reprieve after being sold down heavily on the threat of AI-disruption. Metals & Mining (+4.6%), Financials (+2.9%, boosted by Macquarie Group, +16.4%) and REITs (+8.5%, driven by Goodman Group) also outperformed in the risk-on environment. The prospect of reopening of the Straits of Hormuz, saw Energy (-2.7%) weaker, while cost of living pressures saw the Staples (-2.9%) and Discretionary (+1.1%) sectors underperform. Healthcare (-8.4%) was the worst-performing sector, as earnings continue to come under pressure.

Growth of \$100,000 Since Inception



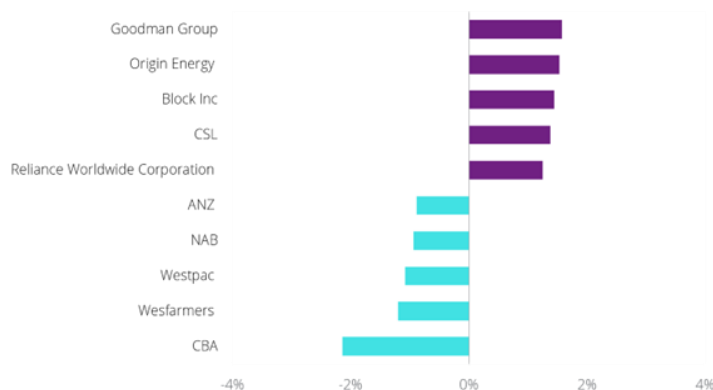
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Fund Characteristics

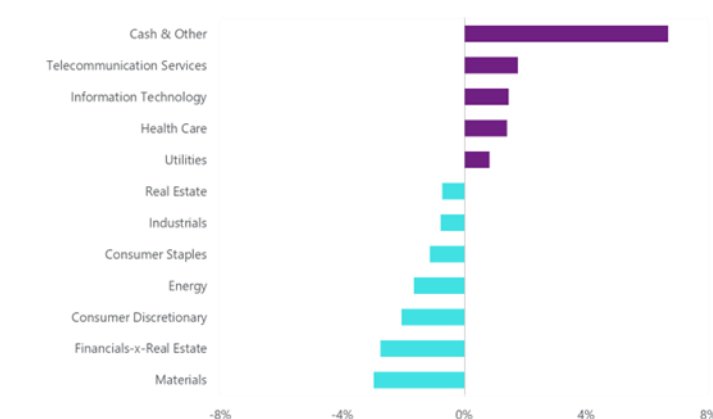
The Trust aims to grow the value of your investment over the long term via a combination of capital growth and income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Portfolio Managers	Trust FUM
Stephen Bruce, Andrew King	AUD \$316 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
June 2001	0.92% p.a.
APIR Code	
IOF0206AU	

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Portfolio Characteristics – FY27	Trust	Market
Price to Earnings (x)	17.7	17.0
Price to Free Cash Flow (x)	15.4	13.9
Gross Yield (%)	4.5	4.5
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 30 April 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.

Trust Review

After selling off in March on the outbreak of hostilities in the Middle East, global markets staged a dramatic rally in April. This saw the US market enjoy its strongest monthly rally since 2020, when the prospect of a vaccine saw markets rebound from the COVID sell-off. This saw the S&P500 +9.4% and the NASDAQ +15.3%, both closing at new highs, while the Nikkei 225 surged +16.1% and the Shanghai Composite rose +5.7%. There were two main catalysts for the rally in April. Firstly, the announcement of a ceasefire with Iran raised the prospect of the Straits of Hormuz reopening, restoring the flow of energy and other commodities. Secondly, strong results from the Mag-7 resulted in renewed enthusiasm for the Tech sector.

The semiconductor segment was particularly strong, with the Intel Corp share price finally surpassing its prior peak – set in 2000! CISCO Systems recently also achieved this dubious milestone, and this should serve as a reminder that, no matter how revolutionary a new technology promises to be, it is highly uncertain as to what the economic returns will be, and to whom they will accrue. This is, of course, extremely relevant to the current situation, with hyperscalers racing to invest billions of dollars into data centre capacity.

The Australian market lagged global markets, with the ASX300 Accumulation Index up a more modest +2.2%, due to a combination of deteriorating domestic economic conditions, and the lack of meaningful AI-related exposures. Tech (+12.3%) was the best performing sector in April, however, only accounts for around 6% of the market. Further, our Tech sector largely comprises SaaS and platforms businesses. While these saw a bounce in April, they have generally been viewed as being at risk of having AI disrupt their business models. This has seen them sold down sharply, with the Tech sector down -24% over the last 12 months. At these levels, it is likely that any near-term AI impacts are more than factored into the price and that many of the stocks are now offering good value. This benefited our positions in Block (+15.2%), Wisetech (+12.4%) and CAR Group (+11.3%). In fact, if anything, AI is likely to be an enabler for these sorts of businesses.

In terms of direct AI exposures, there is not a lot to choose from in the Australian market, with the main exposures via data centre operators. Our preferred exposure is via Goodman Group (+15.8%). Goodman not only has a large development pipeline of well-located data centre projects, but has a proven, long-term track record of delivery of high-quality assets. As a result, it is a trusted partner of major, long-term global capital providers, reducing funding risk and allowing it to operate with a conservatively geared balance sheet.

This is in stark contrast to some of the aspiring new entrants into the sector. For example, there is feverish excitement around the potential IPO of “neocloud” company Firmus. This firm, which started life as a bitcoin mining operation, and is yet to actually complete construction of a data centre, is targeting a valuation of ~\$8bn. I’m pretty sure I know where I’d rather put my money.

The strong performance of most markets at the index level masked a deterioration in the underlying outlook for many sectors of the economy, as pre-existing inflationary pressures were exacerbated by the impacts of the war in the Middle East, and consumer sentiment plumbed historically low depths. This is being seen in falling retail sales as consumers are squeezed by cost-of-living pressures and rising interest rates. This is now showing up, not just in the Consumer Discretionary sectors but also in Consumer Staples, with supermarkets forced to increase promotional activity. Further, even in the unlikely event that the conflict ended today, the effects are yet to fully flow through the global economy.

Financials (+2.9%) outperformed, driven by Macquarie Group (+16.4%). Not only has Macquarie announced a number of significant asset sales, which should support healthy performance fee generation, but they are well positioned to benefit from the high levels of market volatility. By contrast, the major banks lagged slightly. While the recent RBA rate rises have taken some pressure off interest margins, credit growth is easing back from its recent highs, and the rising level of macro risk is leading to expectations of increased bad debts. Further, the banks are not holding significant levels of surplus capital, meaning they are sensitive to any deterioration in credit quality. Given this, and the elevated valuations they are trading at, we remain underweight major banks.

Healthcare (-8.4%) was the worst performing sector over the month, with Cochlear (-44.4%) being smashed after delivering a large earnings downgrade. CSL (-11.7%) also continued its underperformance, while Resmed (-7.4%) underperformed, despite its ongoing strong operational performance. Sentiment remains very negative towards this sector, and while the current headwinds are real, very good long-term valuation opportunities are now presenting.

Trust Activity

During the month, we took profits and reduced our holdings in Macquarie Group, increased our underweight in the banks and trimmed our gold holdings. Proceeds were used to add to our positions in Goodman Group, Suncorp and Origin Energy. At month end, stock numbers were 63 and cash was 6.7%.

Outlook

Global markets are back in risk-on, buy-the-dip mode, and are clearly betting that the Iran situation will come to a peaceful resolution sooner rather than later. Let’s hope so. However, while markets are, of course forward looking, the reality is that the impacts of the disruption to date have only just begun to flow through to the real economy, and already we are seeing softening demand and rising inflation.

Should disruptions drag on, then stagflation becomes a real risk. Given the level of debt in the global economy – from Governments with massive debts and deep deficits, to overgeared companies owned by private equity funded by private credit funds, to consumers geared into Ponzi-like housing markets – it’s hard to see how this would end well.

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.

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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