

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Wealth Defender Australian Shares Trust*	3.4	5.7	9.3	9.3	4.9	-	5.2
S&P/ASX300 Accumulation Index	3.2	8.4	13.2	13.2	9.1	-	7.7
<b>Value Added (Detracted)</b>	<b>0.2</b>	<b>-2.7</b>	<b>-3.9</b>	<b>-3.9</b>	<b>-4.3</b>	<b>-</b>	<b>-2.5</b>
Net Performance	3.3	5.4	8.3	8.3	4.0	-	4.4

\*Gross Performance. ^Since inception: May 2014. Past performance is not a reliable indicator of future performance.

## Overview

- The Australian stock market shrugged aside ongoing global political uncertainty to deliver a return of 3.2% for the month of June, bringing the total return for the financial year to 13.2%.
- The market was led higher by the major banks which recovered some of their previous losses and the energy sector which rallied on the stronger oil price.
- Offshore markets were subdued, with the S&P500 and Nikkei 225 both up 0.5%, while the FTSE100 and the Shanghai Composite declined -0.5% and -8.0% respectively.

## Perennial Value Wealth Defender Australian Shares Trust

The Trust aims to outperform the S&P/ASX300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

Portfolio Manager	Trust FUM
Dan Bosscher	AUD \$62 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
May 2014	0.98% + Perf fee
APIR Code	Trust Redemption Price
IOF0228AU	\$1.0818

Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	14.3	15.8
Price to Free Cash Flow (x)	12.9	15.7
Gross Yield (%)	6.1	5.7
Price to NTA (x)	2.1	2.4

Source: Perennial Value Management. As at 30 June 2018.

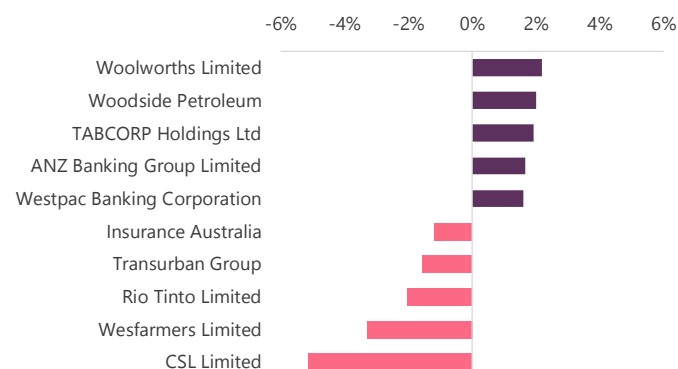
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

## Protection Portfolio Outcomes

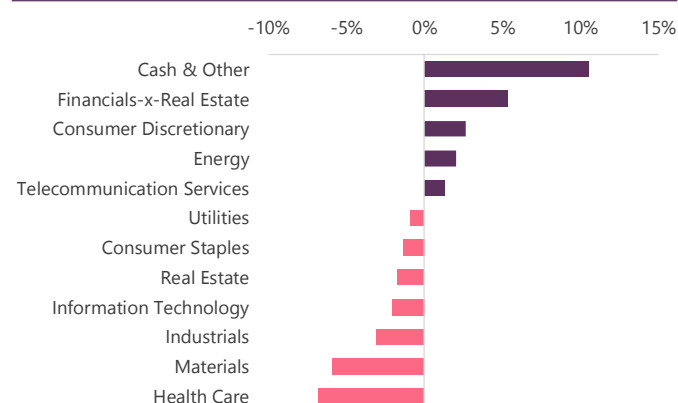
	Index Return (%)	Protection Return (%)	Proportion of Market Fall Saved
August 2015 China Market Turbulence	-7.7	2.7	35.0
January 2016 Continued China Fears	-5.5	1.6	30.0

- Another good month in the protection portfolio this month with a cost neutral outcome in a very strong market.
- One year protection cost of 1.5% in a +13.2% market, implying 89.0% upside participation.

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Trust Review

The month saw very strong performances from some of the smaller-cap names held in the Trust. The best performing stock was Gateway Lifestyle (+32.4%), which received a takeover offer from Hometown, a US-based company operating a similar business model to Gateway and which is keen to expand into the Australian market. US-based hedge fund manager Navigator Global Investments (+16.1%) also rallied strongly after providing details around a highly-accretive acquisition they have recently made.

At the larger-cap end, Caltex Australia (+10.6%) rose after providing sound first half earnings guidance combined with the announcement that the proposed purchase of Woolworths' fuel business by BP would not proceed. Caltex is currently the fuel supplier to the Woolworths petrol station network and the retention of this business would be a significant positive. Energy stocks Woodside Petroleum (+9.4%) and Origin Energy (+4.5%) both outperformed on the stronger oil price, while Macquarie Group (+8.2%) and Woolworths (+7.0%) both continued their strong recent performances. Other good performers included Lendlease (+5.5%) after announcing it has secured another major urban regeneration project in London.


Stocks which detracted from performance included Vocus Communications (-4.1%), which continues to be volatile, and Telstra (-6.6%) which declined after lowering earnings on the back of increased mobile competition.

## Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+3.2
Energy	+7.7
Materials	+1.7
Industrials	+0.6
Consumer Discretionary	+2.1
Health Care	+2.5
Financials-x-Real Estate	+4.0
Real Estate	+2.3
Information Technology	+5.9
Telecommunication Services	-5.5
Utilities	+5.9

[Invest Online Now](#)

## Contact Us

 Level 27, 88 Phillip Street Sydney NSW 2000

 1300 730 032

 [invest@perennial.net.au](mailto:invest@perennial.net.au)

 [www.perennial.net.au](http://www.perennial.net.au)



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website [www.perennial.net.au](http://www.perennial.net.au).

## Trust Activity

During the month, we took profits and trimmed our holding in a number of stocks which had performed strong over recent times including Amcor, Caltex, Gateway Lifestyle and Woolworths. Proceeds were used to Incitec Pivot into the Trust. At month end, stock numbers were 50 and cash was 6.7%.

## Outlook

While the level of volatility in markets is likely to increase going forward, driven by factors such as ongoing trade policy uncertainty, 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, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.**

## Global, Currency & Commodities (%)

S&P500	+0.5
Nikkei225	+0.5
FTSE100	-0.5
Shanghai Composite	-8.0
RBA Cash Rate	1.50
AUD / USD	-2.4
Iron Ore	+0.8
Oil	+2.4
Gold	-3.5
Copper	-3.9