

	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 (Net)	2.9	8.8	7.2	7.2	8.7	5.4	5.0
S&P/ASX300 Accumulation Index	3.6	8.1	11.4	11.4	12.8	8.9	8.4
Value Added (Detracted)	-0.7	0.7	-4.3	-4.2	-4.1	-3.5	-3.4

Since inception: May 2014. Past performance is not a reliable indicator of future performance.

Overview

- The protection portfolio had a good year delivering an overall cost of protection of 1.7%.
- Central Bank easing and the prospects of a trade thaw following the G20 meeting, saw global equity markets rally strongly in June, with the S&P500 +6.9%, FTSE 100 +3.7%, Nikkei 225 +3.3% and Shanghai Composite +2.8%.
- The Australian market also performed strongly, finishing the month +3.6%, with both industrials and resources contributing positively.
- Resources (+7.7%) led the market higher, on the back of strong iron ore and gold prices, while Healthcare (+4.4%) and REITs (+4.2%) both rallied on the fall in bond yields. Consumer Discretionary (-1.5%) was the only sector to record a negative return.

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 Trust through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

Portfolio Manager	Trust FUM
Dan Bosscher	AUD \$44 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	\$1.0773

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	14.1	15.9
Price to Free Cash Flow (x)	12.0	15.3
Gross Yield (%)	5.9	5.4
Price to NTA (x)	2.0	2.5

Source: Perennial Value Management. As at 30 June 2019.

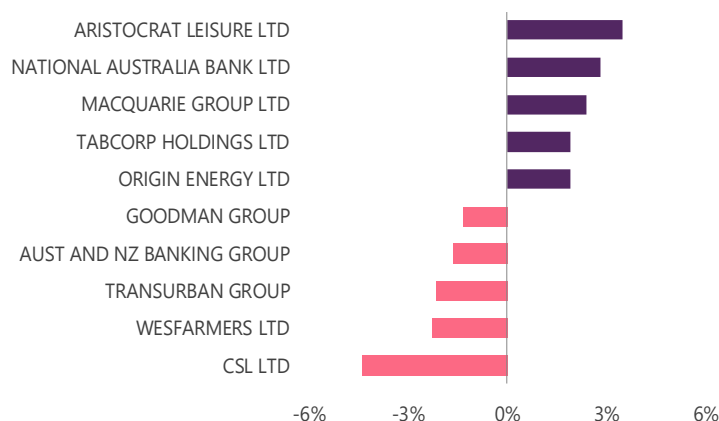
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Down Market Outcomes

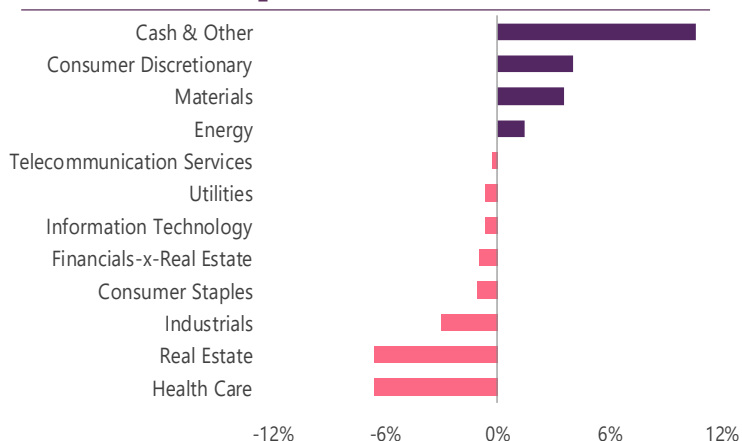
	Index Return (%)	Portfolio Return (%)	Proportion of Market Fall Saved (%)
August 2015 China Market Turbulence	-7.7	-4.7	39.0
October 2018 Trade war sell off	-6.2	-3.8	39.0

- The overlay cost 30bps in June with the market up strongly. This rounds out a successful year for the protection portfolio which held constant and significant protection throughout.
- The Trust currently carries a moderate level of protection.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The most notable event of the month was widely-anticipated 25bp rate cut by the RBA, as Australia falls into line with other developed economies and adopts more accommodative monetary policy in order to support the economy in the face of increased geopolitical risks around trade disputes and Brexit. On the domestic front however, while growth has slowed, there are signs the housing market has stabilised and the resources sector continues to go from strength to strength on the back of strong demand for iron ore in a supply-constrained market as well as a very strong gold price. We remain materially overweight resources and gold, although we are holding put spreads here to protect from a correction.

Against this backdrop, stocks which performed well included Newcrest (+17.4%) and Ausdrill (+24.6%), which provides services to the gold sector. Iluka Resources (+10.6%) and BHP (+9.0%) also performed well, while News Corp (+14.4%), rallied after announcing a review of its US marketing business. This was taken positively by the market as a step towards unlocking the significant latent value in the group.


Stocks which detracted from performance included Star Entertainment (-7.8%) and oOh! Media (-7.8%). We continue to hold these stocks on the basis that they have solid medium-term prospects and represent good value at current levels.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+3.6
Energy	+2.2
Materials	+6.2
Industrials	+5.6
Consumer Discretionary	-1.5
Health Care	+4.4
Financials-x-Real Estate	+3.4
Real Estate	+4.2
Information Technology	+1.1
Telecommunication Services	+2.2
Utilities	+3.1

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Trust Activity

During the month, we exited our holdings in Alumina. We added Mineral Resources, James Hardie and Graincorp.

Outlook

The market is currently trading slightly above its long-term average, with a FY20 P/E of 15.9x and offering an attractive gross dividend yield of 5.4%.

Within the overall market, we are seeing many quality companies trading on attractive valuations which should deliver solid returns to investors from these levels. By contrast, there remain pockets of expensive growth and momentum style stocks which present significant de-rating risks if the lofty growth rates implied in their valuations are not able to be met. We do not hold these types of stocks as they do not meet our value criteria.

We have moderate protection in place at the moment.

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	+6.9
Nikkei225	+3.3
FTSE100	+3.7
Shanghai Composite	+2.8
RBA Cash Rate	1.25
AUD / USD	+1.3
Iron Ore	+14.2
Oil	+3.2
Gold	+8.0
Copper	+2.8