

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Wealth Defender Australian Shares Trust (Net)	-6.1	-3.6	-0.1	7.9	5.4	2.7	4.4
S&P/ASX300 Accumulation Index	-7.8	-5.2	-0.1	8.7	8.6	6.2	7.4
Value Added	1.7	1.6	0.0	-0.8	-3.2	-3.5	-3.0

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

Overview

The ASX300 Accumulation index delivered a weak result for February 2020 closing down 7.8% as Coronavirus fear took hold. Of the 11 GICS industry indices only 3 ended up in positive territory for the month. Perhaps unsurprisingly the hardest hit sectors were those with higher reliance on global growth and increasing demand, namely Energy (WPL -17.03%, OSH -23%), and expensive sectors like Information Technology (WTC -37%, EML -30%). Positive contributors to index performance were few and far between this month but included HLS (+5.56%) and RMD (2.53%), both healthcare names.

For February, the Wealth Defender Trust returned -6.1%. Positive contributors to performance were ALX (21.66bps alpha), ANZ (+11.6bps alpha), JHX (+10.57bps alpha) and WBC (+8.54bps alpha). Detractors to performance this month came from our overweights to energy namely WOR (-24.78bps alpha), ORG (-18.64bps alpha) and BHP (-16.05bps alpha).

The standout performer this month was the Overlay which contributed 233bps to performance.

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 \$38 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
May 2014	0.98% p.a. + Performance fee
APIR Code	Trust Redemption Price
IOF0228AU	\$1.0902

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	13.6	16.2
Price to Free Cash Flow (x)	15.3	12.1
Gross Yield (%)	6.1	5.6
Price to NTA (x)	1.9	1.9

Source: Perennial Value Management. As at 29 February 2020

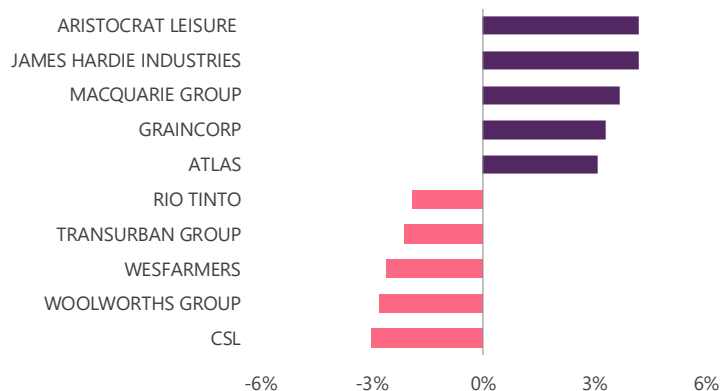
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Down Market Outcomes

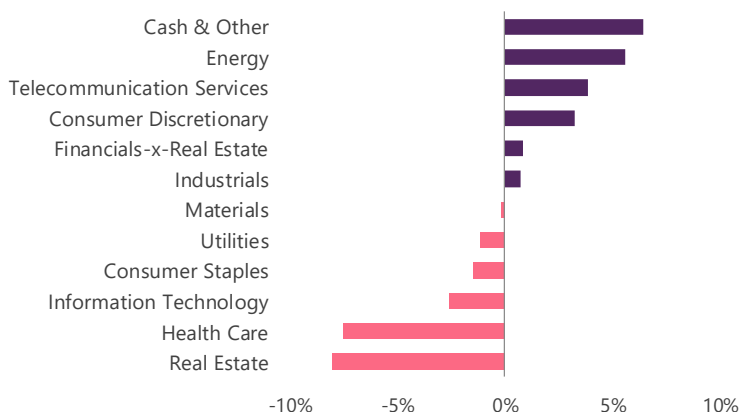
	Index Return (%)	Protection Portfolio Return (%)	Proportion of Market Fall Saved (%)
August 2015 China Market Turbulence	-7.7	3.0	39
October 2018 Trade war sell-off	-6.2	2.4	39
February 2020 Coronavirus sell-off	-7.7	2.3	30

- The overlay spend since inception is 1.7%.
- The Trust currently carries high levels of protection.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The Trust delivered a net return of -6.1% in February versus a benchmark return of -7.8%. This outperformance was due in large part to our portfolio protection.

For February, strong contributions to performance also came from ALX which benefitted from its bond proxy status, ANZ and WBC which benefitted from safe haven flow into banks as the broader index suffered.

Trust Activity

Through the month we added RIO, OSH and OZL due to their strong fundamentals. In doing so we also increased our exposure to mining. We also added WPL on the view that the recent oil price weakness was overdone and re-entered JHX after exiting the stock last month as recent price weakness made the entry point more attractive.

At month end the portfolio comprised of 42 names and 2.9% cash.

Outlook

The ASX 300 Accumulation Index is currently trading slightly below its long term average PE ratio with the FY21 estimate at 17.31 versus a 18.06 long term average. Current dividend yield remains attractive at 5.80%.

Whilst in recent times the market has favoured expensive growth and defensive stocks the divergence in valuation between this subset and stocks more typically deemed value is at historical highs. As such risk reward remains skewed to the downside when holding these expensive names and the outsized underperformance of some of the expensive names during recent periods of "risk off" sentiment is testament to this thesis. We remain confident that a concentrated portfolio of value names will provide the desired risk reward characteristics.

The Trust continued to exhibit Perennial Value's true to label value characteristics with the Trust offering better value than the overall market on three of our four valuation characteristics: price to earnings, price to free cash flow, price to net tangible assets and similar value in gross yield (%).

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.

Market Review – Australia (%)


S&P/ASX300 Accumulation Index	-7.8
Energy	-17.4
Materials	-11.7
Industrials	-8.4
Consumer Discretionary	-8.7
Health Care	-4.0
Financials-x-Real Estate	-4.9
Real Estate	-4.7
Information Technology	-16.3
Telecommunication Services	-8.8
Utilities	-4.0
Consumer Staples	-7.4

Global, Currency & Commodities (%)

S&P500	-8.4
Nikkei225	-8.9
FTSE100	-9.7
Shanghai Composite	-3.2
RBA Cash Rate	0.75
AUD / USD	65.2c
Iron Ore	-10.3
Oil	-10.8
Gold	+2.5
Copper	+3.4

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