

	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)	9.2	-15.0	-9.6	-4.3	1.1	1.0	2.5
S&P/ASX300 Accumulation Index	9.0	-20.4	-13.8	-9.1	2.0	3.5	4.5
Value Added	0.2	5.4	4.2	4.8	-0.9	-2.5	-2.0

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

Overview

The ASX300 Accumulation Index delivered a strong result in April 2020, closing up 9.02% for the month. Perhaps unsurprisingly, all sector indices ended the month in positive territory with star performers including IT, Energy and Consumer Discretionary. Amongst the weaker sectors this month were Healthcare, Consumer staples and Financials.

For April, the Wealth Defender Trust returned 9.28%. Among the positive contributors to performance were WOR (46.3%), TAH (+27.27%) and ALL (19.39%). With Value closing the gap on Growth this month, our underweight to expensive sectors like health care performed well with stocks like CSL (+4.3%) underperforming the index.

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 \$33 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 – FY21	Trust	Index
Price to Earnings (x)	14.3	16.1
Price to Free Cash Flow (x)	13.4	14.7
Gross Yield (%)	5.4	5.4
Price to NTA (x)	1.7	2.0

Source: Perennial Value Management. As at 30 April 2020

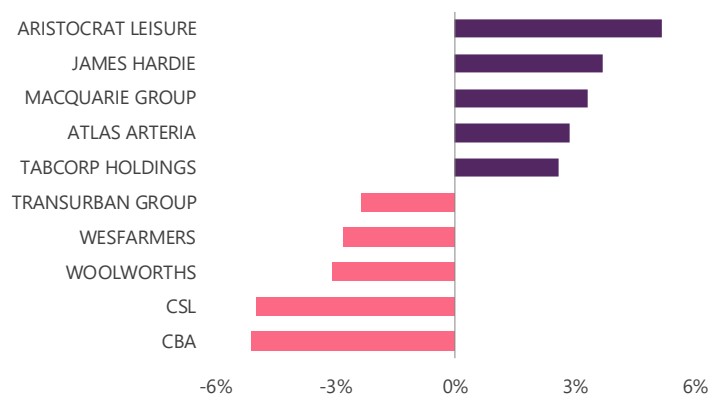
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Down Market Outcomes

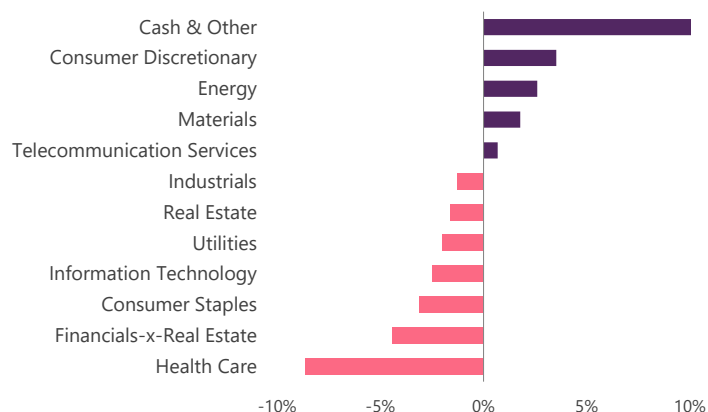
	Index Return (%)	Protection Portfolio Return (%)	Proportion of Market Fall Saved (%)
Corona 2020 – peak to trough*	-36.2	14.4	40
October 2018 Trade war sell-off	-6.2	2.4	39
August 2015 China Market Turbulence	-7.7	3.0	39

- For the rolling 1 year the overlay has made 7.1% while the market is down 9.1%.
- The Trust currently carries moderate levels of protection.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The Trust delivered a net return of 9.28% in April versus a benchmark return of 9.02%. This outperformance was due in large part to our overweightings in the Energy and consumer discretionary sectors. Of our strong performers this month WOR, ALL and TAH were standouts, retracing their heavy losses from the previous month. WOR finished higher for the month despite intra-month oil price jitters as Russia, Saudi Arabia and Norway promised to cut oil production. ALL and TAH outperformed the market as COVID-19 fears receded.

Trust Activity

This month the Trust added to holdings in Charter Hall WALE REIT (CLW), added US builder exposure by way of JHX and sold Australian Bank exposure by decreasing our holding in NAB. CLW provides long term leases to a wide variety of stable clients including government organisations and large corporations like Woolworths. This stable clientele coupled with the duration of its leases makes CLW an attractive proposition in this current low yield environment. For JHX, with US construction and housing demand remaining relatively resilient in the face of the Coronavirus pandemic in addition to the a low earnings multiple relative to its intrinsic growth implies the outlook for JHX remains positive.

Finally, the Wealth Defender Trust reduced its exposure to Australian banks by further reducing its NAB position. NAB brought forward its first half result and announced a capital raising this month in light of the unprecedented upheaval in the Australian economy.


At month end the portfolio comprised of 37 names and 6.1% cash.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	9.0
Energy	25.2
Materials	14.4
Industrials	12.8
Consumer Discretionary	16.4
Health Care	4.9
Financials-x-Real Estate	2.9
Real Estate	13.7
Information Technology	21.8
Telecommunication Services	4.8
Utilities	3.2
Consumer Staples	2.6

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Outlook

The ASX 300 Accumulation Index is currently trading above its long term average PE ratio with the FY21 estimate at 16.53 versus a long term multiple of 14.44 with a dividend yield of 3.77%.

Whilst in recent times expensive growth and defensive stocks have been favoured over their more value driven counterparts, the volatility of late has given the market reason for pause. Throughout the month of April, the divergence in valuation between stocks considered growth and those considered more typically value has narrowed and we expect this pattern to continue. Risk reward remains skewed to the downside when holding expensive names.

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 four valuation characteristics: price to earnings, price to free cash flow, price to net tangible assets and similar to market on gross yield (%).

We carry a moderate level of protection.

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	12.7
Nikkei225	6.7
FTSE100	4.0
Shanghai Composite	4.0
RBA Cash Rate	0.25
AUD / USD	65.5c
Iron Ore	-5.9
Oil	+4.6
Gold	+0.7
Copper	-1.2

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