

| | 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) | 0.7 | 14.6 | -5.1 | -5.1 | 3.3 | 2.7 | 3.2 |
| S&P/ASX300 Accumulation Index | 2.4 | 16.8 | -7.6 | -7.6 | 5.2 | 6.0 | 5.6 |
| Value Added | -1.7 | -2.2 | 2.5 | 2.5 | -1.9 | -3.3 | -2.4 |

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

Overview

- Global markets continued to recover in June, as the apparent peaking of coronavirus infections saw many countries moving to ease lockdowns and restart their economies.
- The Australian market was also strong, with the ASX300 Accumulation Index logging its third consecutive positive month, rising +2.4% in June and having now risen +30.6% from its March low.
- For the year, the portfolio outperformed the market 2.5% net of fees. This was largely due to the protection overlay adding 5.4% to performance in a market that was down over 7.6% for the year.
- The best performing stock for the year for the portfolio was James Hardie.

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 5.4% while the market is down 7.6%.
- The Trust currently carries moderate levels of protection.

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.

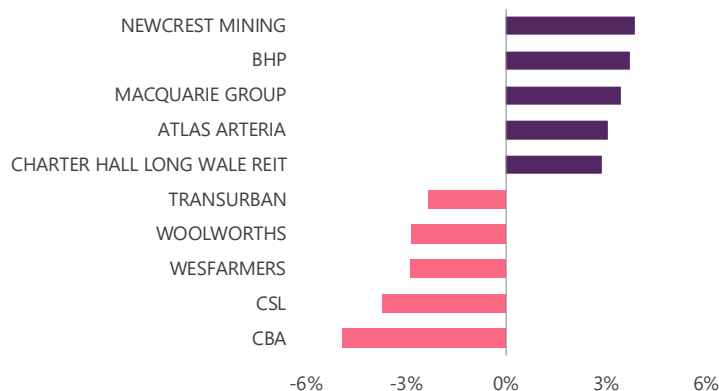
| | |
|---------------------------------------|--|
| Portfolio Manager Dan Bosscher | Trust FUM AUD \$34 million |
| Distribution Frequency Half yearly | Minimum Initial Investment \$25,000 |
| Trust Inception Date May 2014 | Fees 0.98% p.a. + Performance fee |
| APIR Code IOF0228AU | Trust Redemption Price \$0.9947 |

| Portfolio Characteristics – FY22 | Trust | Index |
|----------------------------------|-------|-------|
| Price to Earnings (x) | 14.1 | 16.2 |
| Price to Free Cash Flow (x) | 13.4 | 15.3 |
| Gross Yield (%) | 5.5 | 4.8 |
| Price to NTA (x) | 1.7 | 2.1 |

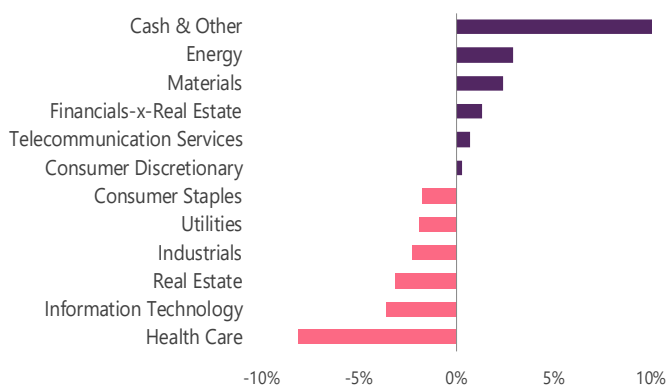
Source: Perennial Value Management. As at 30 June 2020

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.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Global markets continued to recover in June, as many countries began moving to ease lockdowns and restart their economies. While the continuing rise in the number of COVID cases in the US is causing significant concern, markets have been comforted by ongoing support from the Federal Reserve and other Central Banks.

The Australian market was also strong, as infection rates fell to very low levels in most parts of the country and restrictions began to be eased. The ASX300 Accumulation Index logged its third consecutive positive month, rising +2.4% in June and having now risen +30.6% from its March low.

Some of the best contributors in the fund over the last few months include those stocks that we either added to or initiated new positions in at the height of the March selloff. Examples include James Hardie, Goodman Group, and Aristocrat.

Trust Activity


During the month we added Alumina and Coles Group and removed Goodman Group and Ramsay.


At month end the portfolio comprised of 36 names and 8.9% cash.

Market Review – Australia (%)

| | |
|-------------------------------|------|
| S&P/ASX300 Accumulation Index | +2.4 |
| 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 |
| Consumer Staples | +5.9 |

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Outlook

Despite the rally, the market is still well down from its February highs. While the sharp slowing of activity means that forecasting near-term earnings for many companies is difficult, the market's fall means a significant amount of bad news is now factored into share prices.

Looking forward, while the current situation is unprecedented, so too has been the response of governments, with coordinated policies covering monetary easing, fiscal stimulus and legislative actions. While it is impossible to know how this will ultimately play out, signs are emerging that worst of the health crisis may be behind us and the first steps towards normalisation may not be too far away.

Further, Australia has so far fared very well relative to most other countries, meaning it is reasonable to expect that we are well placed to lead others in terms of a recovery in activity.

The Wealth Defender 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 (%).

Finally, the silver lining of a downturn such as this is that it provides the long-term investor with opportunities to buy quality businesses at very attractive prices. Indeed, we have been taking the opportunity to add a number of new stocks to the portfolio which we are confident will deliver strong returns to investors over time.

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 | +0.5 |
| Nikkei225 | +0.5 |
| FTSE100 | -0.5 |
| Shanghai Composite | -1.5 |
| RBA Cash Rate | 0.25 |
| AUD / USD | 69.0c |
| Iron Ore | -4.4 |
| Oil | +12.5 |
| Gold | -0.6 |
| Copper | +8.1 |

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