

	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)	3.1	11.6	23.6	29.8	9.3	8.2	6.0
S&P/ASX300 Accumulation Index	3.7	7.6	22.8	31.6	9.7	10.4	8.1
<b>Value Added</b>	<b>-0.6</b>	<b>4.0</b>	<b>0.8</b>	<b>-1.8</b>	<b>-0.4</b>	<b>-2.2</b>	<b>-2.1</b>

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

## Overview

- Global markets generally performed strongly in April, driven by strong economic data, expectations of further stimulus measures and the accelerating vaccine rollout in the US and UK. The market was also helped by a slight pull-back in bond yields.
- The Australian market also performed strongly, with the ASX300 Accumulation Index finishing the month up 3.7%. Sector performance was mixed, with strong performances from both cyclical sectors such as Resources, as well as growth sectors such as IT.
- The Trust delivered a return of +3.1%, underperforming the market by 0.6% after fees.

## 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 Managers	Trust FUM
Dan Bosscher	AUD \$22 million
Distribution Frequency	Minimum Initial Investment
Half yearly	\$25,000
Trust Inception Date	Fees
May 2014	0.98% p.a. + Performance fee

APIR Code  
IOF0228AU

Portfolio Characteristics – FY22	Trust	Index
Price to Earnings (x)	15.6	18.1
Price to Free Cash Flow (x)	13.4	16.3
Gross Yield (%)	5.6	4.8
Price to NTA (x)	2.1	2.6

Source: Perennial Value Management. As at 30 April 2021

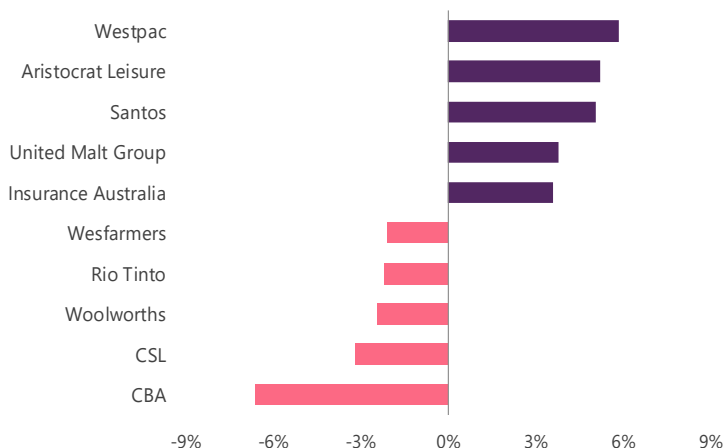
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

## Down Market Outcomes

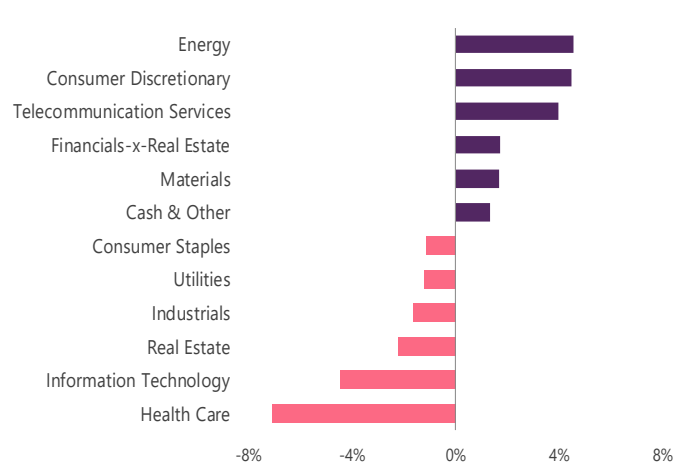
	Index Return (%)	Protection Portfolio Return (%)	Proportion of Market Fall Saved (%)
Covid 19 2020 – peak to trough*	-36.2	14.4	40
October 2018 Trade war sell-off	-6.2	2.4	39
August 2015 China Market Turbulence	-7.7	3.0	39

- Since inception the overlay has cost 1.2% while the market is up 7.6%, in line with expectations.
- The Trust currently carries moderate levels of protection.

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Trust Review

Stocks which contributed positively over the month included Resources stocks, with BHP (+5.3%) outperforming, as the iron ore price hit new highs. BlueScope Steel (+11.7%) rallied after delivering a profit upgrade, with very strong conditions being experienced across all of its global operations. Steel prices are rising sharply and, while good for BlueScope, this is an example of the cost pressures that are beginning to feed into the economy and which are likely to drive higher inflation and higher interest rates.

Gaming stocks were stronger, with Tabcorp (6.2%), continuing to rally after the takeover offer for its wagering division was increased to \$3.5bn. This is a sector undergoing significant corporate activity globally. Aristocrat Leisure (+8.2%), also rose ahead of what is expected to be a strong result. This company is well placed to grow in the digital gaming space over the coming years.

Global malt producer, United Malt Group (+12.3%) continued its strong run. This company is leveraged to the global reopening, as malt demand will increase as the hospitality industry recovers post-pandemic.

Gold stock Newcrest Mining (+8.6%) rallied on the higher gold price. This is a world-class gold company and we continue to regard the gold sector as a preferred defensive option as it can be expected to outperform in an inflationary environment, while other interest-rate sensitive defensive sectors would lag.

## Trust Activity

During the month, we returned to Star Group. This is a well run company recovering from significant impact during Covid. They are well advanced in the build of their integrated resort in Brisbane which adds to their world class suite of assets.

We sold down our long-held position in News Corporation after a very strong period of performance. The share price is now much closer to our long-run price target.

## Outlook

The start of 2021 may well mark a significant turning point for the global economy and markets, with the prospect of a near-term rollout of an effective COVID vaccine underpinning the reopening of economies and a return to global growth. Importantly also, the change of leadership in the US should usher in a period of stability in terms of domestic and international policy and, hopefully, a generally more harmonious backdrop. The election result of a Biden presidency and Democratic Senate means there is likely to be increased fiscal stimulus, which should be positive for economic growth, corporate earnings and markets overall.

Domestically, key indicators around employment, loan deferrals and the property market are all surprising to the upside. Finally, the economy is underpinned by historically low interest rates and meaningful fiscal stimulus. If this improvement continues, then corporate earnings and dividends are likely to rebound strongly over the coming year.

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	+5.2
Nikkei225	-1.3
FTSE100	+3.8
Shanghai Composite	+0.1
RBA Cash Rate	0.10
AUD / USD	77.2c
Iron Ore	+11.8
Oil	+4.2
Gold	+2.0
Copper	+11.7

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