

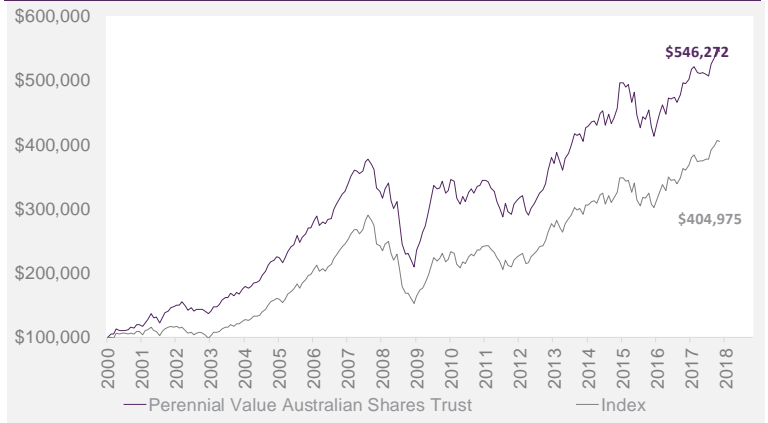
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Australian Shares Trust*	-0.8	4.0	7.5	11.3	7.1	9.7	10.9
S&P/ASX 300 Accumulation Index	-0.4	3.2	8.2	12.4	7.5	9.0	8.2
Value Added (Detracted)	-0.4	0.8	-0.7	-1.1	-0.4	0.7	2.7
Net Performance	-0.8	3.8	7.0	10.2	6.1	8.7	10.0

*Gross Performance. *Since inception: March 2000. Past performance is not a reliable indicator of future performance.

Overview

- ▶ The market eased in January, to finish the month -0.4%, bringing the total return for the last 12 months to a healthy +12.4%.
- ▶ Resources rose +0.8% on continued strength in commodity prices. Industrials declined -0.7%, led down by interest rate-sensitive sectors such as Utilities and REITs, which fell on rising bond yields.
- ▶ Offshore markets were generally stronger, with the US market continuing its strong run, to be up +24.1% for the last 12 months.

Growth of \$100,000 since inception



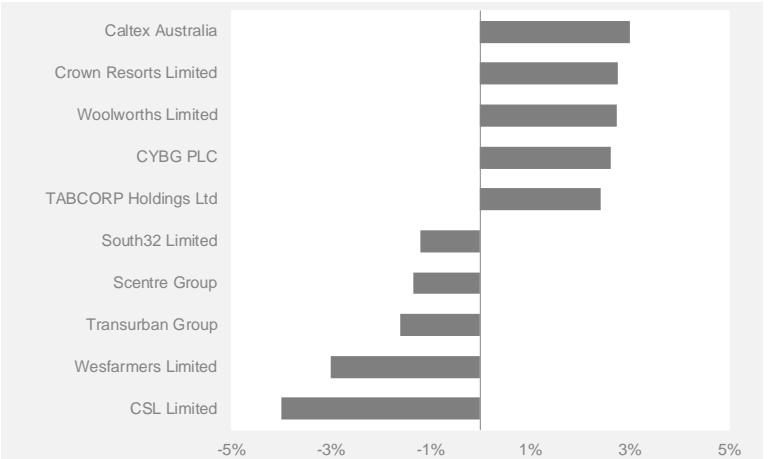
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Perennial Value Australian Shares Trust

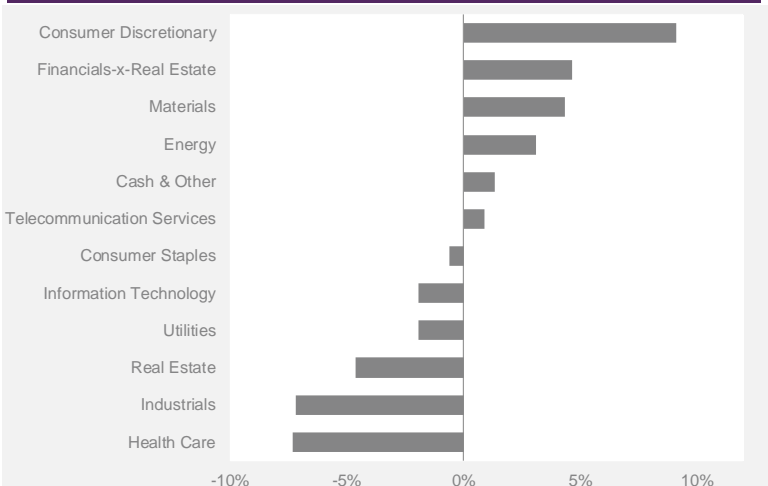
The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Portfolio manager	John Murray
Trust FUM	AUD \$1.2 billion
Distribution frequency:	Half yearly
Minimum initial investment	\$25,000
Trust Inception Date	March 2000
Fee	0.92%
APIR code	IOF0206AU

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	14.4	15.3
Price to Free Cash flow (x)	12.7	14.7
Gross Yield (%)	6.3	5.8
Price to NTA (x)	2.0	2.2

Source: Perennial Value Management. As at 31 January 2018. 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.

Trust Review

Better performing holdings over the month included Orica (+6.1%), which rallied after announcing several significant contract wins which will increase capacity utilisation at its new explosives plant in the Pilbara. Macquarie Group (+3.5%) rallied as it will benefit from the US corporate tax cuts as well as on expectations of a positive upcoming trading update. Boral (+2.7%) rose on the back of continued improvement in US economic data, with the company now deriving approximately 40% of its earnings from the US, with exposure to both residential construction and infrastructure.

Resource stocks BHP (+2.1%) and Rio Tinto (+1.4%) rose on continued commodity price strength. Other stocks which outperformed included Event Hospitality (+2.2%), Caltex Australia (+2.1%), Crown Resorts (+1.8%) and AMP (+1.2%). The Trust also benefited from its underweight position in the expensive defensive sectors of the market such as Utilities and REITs, which underperformed as bond yields rose on the back of continuing strong global economic data.

Stocks which detracted from performance included agricultural stocks Graincorp (-9.6%) and Nufarm (-8.8%), which fell on the back of poor cropping conditions and Tabcorp (-7.3%), which eased following its strong recent performance.

Trust Activity

During the month, we took profits and reduced our holdings in Woodside Petroleum and Janus Henderson following their recent strong performances. Proceeds were used to increase our holdings in a number of good value opportunities including QBE Insurance, Woolworths and Macquarie Group. At month end, stock numbers were 40 and cash was 1.3%.

Outlook

The global economic backdrop continues to be positive, with all major regions delivering improved growth. While the domestic economy has been subdued, recent data is increasingly positive. Should this continue, the Trust will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources companies as well as in a range of quality industrial and financial companies which are trading on attractive valuations. This scenario would also see continued upwards pressure on interest rates, which would benefit the Trust through its underweight position in the expensive defensive sectors such as healthcare and REITs and infrastructure.

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 and have the ability to deliver high levels of franked dividend income to investors.

Market Review - Australia		%	Global, Currency & Commodities		%
S&P/ASX300 Accumulation Index		-0.4	S&P500		+5.8
Energy		-0.3	Nikkei 225		+1.5
Materials		+0.5	FTSE100		-1.3
Industrials		-2.0	Shanghai Composite		+5.3
Consumer Discretionary		-0.2	RBA Cash Rate		1.50
Health Care		+3.1	AUD / USD		+3.5
Financials-x-Real Estate		-0.7	Iron Ore		+2.4
Real Estate		-3.2	Oil		+3.3
Information Technology		+2.5	Gold		+3.2
Telecommunication Services		+0.8	Copper		-3.2
Utilities		-4.3			

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Signatory of:



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