

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception <sup>^</sup>
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	3.5	3.2	3.9	12.6	5.0	-	4.7
S&P/ASX 300 Accumulation Index	4.0	4.8	4.8	15.9	7.0	-	6.8
<b>Value Added (Detracted)</b>	<b>-0.5</b>	<b>-1.6</b>	<b>-0.9</b>	<b>-3.3</b>	<b>-2.1</b>	<b>-</b>	<b>-2.1</b>
Net Performance	3.4	2.9	3.5	11.5	4.1	-	3.9

\*Gross Performance. ^Since inception: May 2014. Past performance is not a reliable indicator of future performance.

### Perennial Value Wealth Defender Australian Shares Trust

The Trust aims to outperform the S&P/ASX 300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

#### Trust manager

Dan Bosscher

#### Risk profile

High

#### Trust FUM

AUD \$60 million

#### Distribution frequency

Half yearly

#### Strategy FUM

AUD \$449 million

#### Team FUM

AUD \$5.2 billion

#### Trust redemption price

\$1.0533

Any material changes to risk profile, strategy, key service providers or portfolio managers during the period

Nil

#### Minimum initial investment

\$25,000

#### Trust inception date

May 2014

#### APIR code

IOF0228AU

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- ▶ The market roared back to life in October, to finish the month +4.0%, bringing the total return for the last twelve months to a very healthy 15.9%.
- ▶ The rally was broad-based, with industrials, banks and resources sectors all posting positive returns.
- ▶ The Trust has delivered a solid total return of +12.6% over the past twelve months, while at all times, being well protected in the event of a major market downturn.

### Market Review

Market Review - Australia	%	Global, Currency & Commodities	%
S&P/ASX300 Accumulation Index	+4.0	S&P500	+2.2
Energy	+6.4	Nikkei 225	+8.1
Materials	+4.4	FTSE100	+1.6
Industrials	+4.2	Shanghai Composite	+1.3
Consumer Discretionary	+5.4	RBA Cash Rate	1.50
Health Care	+5.5	AUD / USD	-2.3
Financials-x-Real Estate	+3.3	Iron Ore	-5.7
Real Estate	+2.2	Oil	+6.7
Information Technology	+8.4	Gold	-0.6
Telecommunication Services	+2.4	Copper	+4.9
Utilities	+5.0		

### Trust Review

Better performing holdings over the month included Macquarie Group (+8.2%), which rose after delivering a stronger than expected first half profit result. Caltex (+6.7%) rose as questions grow around whether the ACCC will approve the sale of Woolworths' petrol stations to BP. Should this deal be opposed, it would be a significant positive for Caltex which would retain the fuel supply agreement. Clydesdale Bank (+5.6%) rose on the expectations of interest rate rises in the UK, which would benefit its earnings and Woodside Petroleum (+5.6%) lifted on the higher oil price. Tabcorp (+5.2%) rallied after indicating that operating conditions were improving. Several small cap holdings performed very strongly, including Alliance Aviation (+25.4%), HFA (+13.8%), Life Healthcare (+13.7%), RPM Global (+13.1%) and Seven Group Holdings (+10.5%). Stocks which delivered negative returns were Lendlease (-9.5%), which fell after revealing cost overruns in its construction division, Fleetwood (-9.2%), Perpetual (-6.4%), National Veterinary Care (-3.3%) and Westfield (-0.9%).

The overlay continues to provide significant protection in the event of a market fall. During October, the low level of implied volatility meant the cost of protection was quite low, particularly in the context of the market strength.

Trust FUM is equivalent to the net asset value of the Trust. It is the value of the assets less the liabilities of the Trust, as calculated in accordance with the terms of the Trust's constitution.

## Trust Activity

During the month, we took profits and exited our holding in Lendlease which had performed strongly over the past twelve months. Proceeds were used to increase our holdings in ANZ, NAB, Westpac. While the earnings growth our outlook for the banks is subdued, their valuations are reasonable, and their strong capital positions should underpin their ability to continue to pay attractive dividends. We also increased our holding in Macquarie Group, which gives good offshore earnings exposure, with multiple earnings drivers. At month end, stock numbers were 45 and cash was 8.0%.

## Outlook

While growth in the domestic economy remains subdued and there remains a high level of political uncertainty, the global growth outlook appears to be incrementally improving. 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, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.**

## Top 10 Holdings

Stock name	Trust weight %	Index weight %
Commonwealth Bank	7.8	8.5
Westpac Banking Corporation	7.7	7.0
BHP Billiton Limited	6.7	5.3
National Aust Bank	6.3	5.5
ANZ Banking Group Limited	6.2	5.5
Woodside Petroleum	3.6	1.4
Suncorp Group Limited	3.0	1.1
Telstra Corporation	3.0	2.6
Macquarie Group Limited	2.9	1.9
Caltex Australia	2.8	0.6

## Asset Allocation

Sector	Trust weight %	Index weight %
Energy	6.5	4.6
Materials	10.2	17.0
Industrials	1.6	7.4
Consumer Discretionary	9.8	5.1
Consumer Staples	4.8	7.3
Health Care	2.5	7.1
Financials-x-Real Estate	42.4	36.4
Real Estate	5.2	8.2
Information Technology	2.3	1.7
Telecommunication Services	5.7	3.0
Utilities	0.7	2.1
Cash & Other	8.2	-

Rounding accounts for small +/- from 100%.

Signatory of:



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