

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	1.8	4.6	5.8	12.8	6.5	-	5.2
S&P/ASX 300 Accumulation Index	1.7	5.8	6.6	14.7	8.8	-	7.2
Value Added (Detracted)	0.1	-1.2	-0.8	-1.9	-2.3	-	-2.0
Net Performance	1.7	4.4	5.3	11.7	5.6	-	4.3

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

Overview

- ▶ The market rose again in November, to finish the month +1.7%, bringing the total return for the last 12 months to a very healthy 14.7%.
- ▶ The rally was broad-based, with all sectors other than Telecommunications delivering positive returns.
- ▶ Offshore markets were mixed, however, the US market continued its strong run, to be up 20.4% for the last 12 months.

Protection Portfolio Outcomes

	Index Return (%)	Protection Return (%)	Proportion of market fall saved
August 2015 - China Market Turbulence	-7.7	2.7%	35%
January 2016 - Continued China Fears	-5.5	1.6%	30%

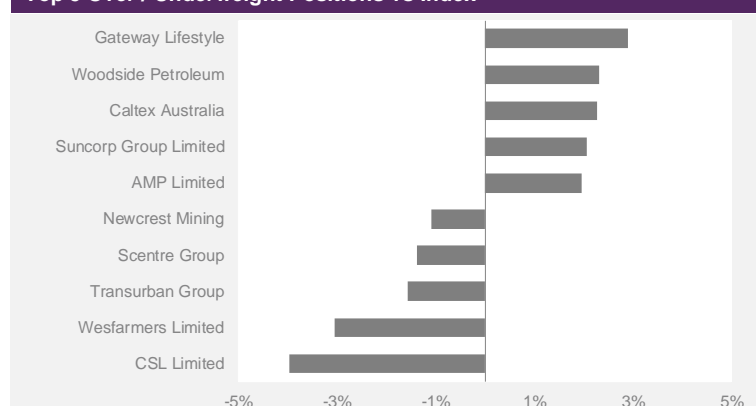
- ▶ One year protection cost 1.9% in a +14.7% market, or 87.0% upside participation.
- ▶ Annualised volatility 12.0% lower than the index over the year.
- ▶ Volatility remains low partly as a function of strong equity markets globally and partly as realised volatility continues to be low.

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.

Portfolio manager	Dan Bosscher
Trust FUM	AUD \$62 million
Distribution frequency:	Half yearly
Minimum initial investment	\$25,000
Trust Inception Date	May 2014
Fee	0.98%
APIR code	IOF0228AU
Trust Redemption Price	\$1.0714

Top 5 Over / Underweight Positions vs Index

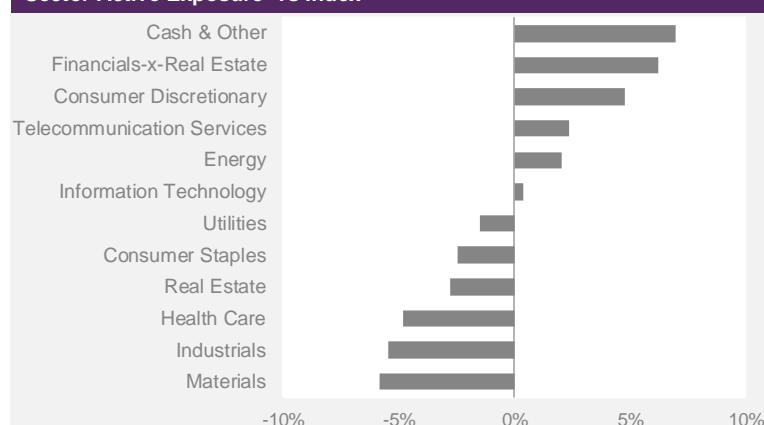


Portfolio Characteristics – FY19

	Trust	Market
Price to Earnings (x)	14.5	15.5
Price to Free Cash flow (x)	12.1	14.4
Gross Yield (%)	6.1	5.7
Price to NTA (x)	1.9	2.2

Source: Perennial Value Management. As at 30 November 2017. 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.

Sector Active Exposure vs Index



Trust Review

Better performing holdings over the month included Integral Diagnostics (+34.1%), which was the subject of a takeover offer, SpeedCast International (+24.5%) and Melbourne IT (+24.3%). News Corp (+18.1%), which rallied on speculation that the Murdoch family may begin to realise some of the assets in their portfolio. This is a stock which we believe is trading at well below the sum of the value of its constituent assets. Gateway Lifestyle (+10.2%) rose after delivering a positive trading update at their AGM and Vocus Communications (+9.0%) continued its recovery, to be up 31.4% over the last quarter. Janus Henderson (+8.5%) was stronger following a positive third quarter trading update, with improving funds flows and increased merger synergies. Tabcorp (+8.0%) rallied after the competition regulator approved its merger with Tatts Group. We see significant upside in this stock, not only from the expected merger benefits but also from a number of regulatory changes which will favour Tabcorp over the corporate bookmakers. Other stocks which performed well included Westfield Corp (+7.9%), Crown Resorts (+6.4%), Harvey Norman (+6.1%) and Suncorp (+5.5%).

Stocks which detracted from performance included Graincorp (-8.7%), which fell after delivering a result in line with its guidance but which highlighted issues in its oils division. Overall, however, management are doing a good job improving the operational performance of this business. Huon Aquaculture (-12.4%), Pacific Energy (-10.1%), Codan (-7.5%) and Event Hospitality (-4.3%) also declined.

Due to some good positioning, the protection overlay performed well for the month costing zero whilst maintaining protection.

Trust Activity

During the month, the Trust tendered stock into the Rio Tinto off-market buy-back as a means of generating significant fully-franked dividends. The attractive after-tax characteristics of the buy-back saw it heavily oversubscribed at the maximum discount. At month end, stock numbers were 45 and cash was 6.8%.

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 portfolio 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 portfolio through its underweight position in the expensive defensive sectors such as healthcare and REITs and infrastructure.

The portfolio continues to exhibit Perennial Value's true to label value characteristics, with the portfolio 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.

Market Review - Australia		%	Global, Currency & Commodities		%
S&P/ASX300 Accumulation Index		+1.7	S&P500		+2.8
Energy		+4.3	Nikkei 225		+3.2
Materials		+2.0	FTSE100		-1.3
Industrials		+2.2	Shanghai Composite		-2.2
Consumer Discretionary		+3.2	RBA Cash Rate		1.50
Health Care		+3.0	AUD / USD		-1.0
Financials-x-Real Estate		+0.0	Iron Ore		+17.8
Real Estate		+5.3	Oil		+4.2
Information Technology		+4.5	Gold		+1.5
Telecommunication Services		-1.6	Copper		-0.7
Utilities		+3.0			

Contact Us

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



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