

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception*
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Australian Shares Trust*	3.1	4.3	16.4	19.6	7.4	11.2	11.0
S&P/ASX 300 Accumulation Index	3.3	4.7	15.6	20.2	7.5	10.8	8.2
Value Added (Detracted)	-0.2	-0.4	0.8	-0.6	-0.1	0.4	2.8
Net Performance	3.0	4.1	15.8	18.6	6.5	10.3	10.2

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

Trust manager:

John Murray

Risk profile:

High

Trust FUM:

AUD \$1.3 billion

Income distribution frequency:

Half yearly

Team FUM:

AUD \$7.0 billion

Minimum initial investment:

\$25,000

Trust inception date:

March 2000

APIR code:

IOF0200AU

- ▶ The market rallied in March, with the S&P/ASX300 Accumulation Index (the Index) up 3.3%.
- ▶ Industrials led, rising 3.8%, while resources were up 0.5%.
- ▶ The market strength was broad-based across most sectors of the market.

Trust Performance

The Perennial Value Australian Shares Trust (the Trust) delivered a return of 3.1% for March, marginally underperforming the Index by 0.2%.

Global markets were subdued, with the S&P500 flat, FTSE100 up 0.8%, Nikkei 225 down 0.6% and Shanghai Composite down 1.1%. Commodity prices were generally softer, with iron ore down 11.0%, reversing the previous month's rally, oil down 5.0% and coking coal down 6.0%, while thermal coal rose 1.0% and gold declined 1.0%. The Federal Reserve raised rates by 25 basis points, lifting the target range to between 0.75% - 1.00%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month unchanged at 77 US cents.

During March, strength was broad-based, with utilities (up 6.3%), healthcare (up 5.6%), consumer staples (up 5.5%), consumer discretionary (up 4.7%), industrials (up 4.3%), energy (up 4.3%), financials (up 3.9%) information technology (up 3.6%), REITs (up 4.1%), healthcare (up 3.9%) and industrials (up 3.4%) all up, while metals & mining (down 0.8%) was the only sector to deliver a negative return.

Trust holdings which performed strongly included Brickworks (up 18.2%), which delivered a strong first half result, with growth in the building products division and strong profits from their industrial property development activities. Washington H. Soul Pattinson (up 12.1%), which owns 44.0% of Brickworks, also rallied on the back of this, as well as its inclusion in the ASX300 Index. Ansell (up 13.1%) outperformed with ongoing positive indicators of global manufacturing activity and Nufarm (up 9.6%) rose after delivering a solid first half result, which showed ongoing operational improvement. Nufarm is a significant player in the global crop protection industry, which is currently undergoing significant consolidation from which Nufarm may be a beneficiary. AGL Energy (up 9.3%) gained on the back of continuing rises in wholesale electricity prices and QBE (up 7.4%) lifted on the prospect of further increases in US interest rates. Other outperformers included Amcor (up 7.2%), Caltex (up 6.6%), Clydesdale Bank (up 6.6%) and Henderson Group (up 6.4%).

Stocks which detracted from performance included our large cap resources holdings, with Rio Tinto (down 2.5%) and BHP (down 1.7%) due to the softer commodity prices. Other stocks which lagged included Gateway Lifestyle (down 2.3%), Stockland (down 1.7%) and Vocus (down 1.4%). We remain comfortable with the outlook for these stocks and see significant value in each.

Trust Activity

During the month, we took profits and reduced our holding in QBE Insurance. This stock has performed very strongly, having rallied over 50.0% from its November lows, on the back of rising US interest rates and stabilised operating performance. We also took profits and reduced our holdings in AGL Energy, Boral, Stockland, Washington H. Soul Pattinson and Woolworths. Proceeds were used to increase our holdings in a number of good value opportunities, including Caltex, Henderson Group, NewsCorp, Rio Tinto and Vocus Group.

At month end, stock numbers were 37 and cash was 5.0%.

Outlook

While there is a high level of ongoing uncertainty, the global growth outlook appears to be incrementally improving and markets continue to respond positively to the prospect of more pro-growth fiscal policies as opposed to ongoing monetary easing. Should this eventuate, 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 where we see attractive valuations. This 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, 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.

Top 10 Holdings

Stock name	Trust weight %	Index weight %
Commonwealth Bank	7.5	9.3
Westpac Banking Corporation	6.2	7.4
BHP Billiton Limited	5.5	4.9
ANZ Banking Group Limited	5.3	5.9
National Australia Bank	4.9	5.6
Macquarie Group Limited	3.8	1.9
Rio Tinto Limited	3.6	1.6
Woodside Petroleum	3.4	1.5
Crown Resorts Limited	3.3	0.3
Henderson Group	3.3	0.2

Asset Allocation

Sector	Trust weight %	Index weight %
Energy	7.1	4.3
Materials	18.8	15.6
Industrials	0.0	6.7
Consumer Discretionary	6.6	5.0
Consumer Staples	5.9	7.2
Health Care	4.4	6.8
Financials-x-Real Estate	39.0	38.1
Real Estate	5.3	8.4
Information Technology	0.0	1.3
Telecommunication Services	5.7	4.0
Utilities	2.2	2.7
Cash & Other	5.0	-

Rounding accounts for small +/- from 100%.

For all other enquiries please contact us on 1300 730 032
or visit www.perennial.net.au.

Signatory of:



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