

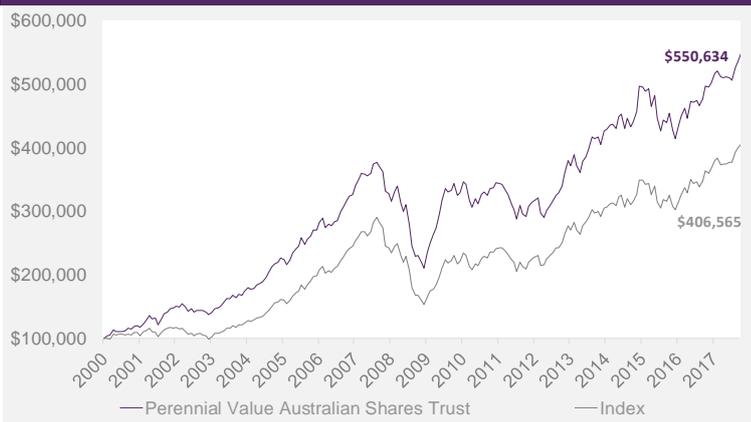
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Australian Shares Trust*	2.8	8.8	8.3	11.7	8.6	11.1	10.9
S&P/ASX 300 Accumulation Index	1.9	7.7	8.6	11.9	8.8	10.1	8.2
Value Added (Detracted)	0.9	1.1	-0.3	-0.2	-0.2	1.0	2.7
Net Performance	2.7	8.6	7.8	10.7	7.6	10.2	10.1

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

Overview

- ▶ The market rallied again in December, to finish the month +1.9%, bringing the total return for the last 12 months to a healthy +11.9%.
- ▶ Resources led the market higher, on the back of stronger commodity prices, while defensive and interest rate sensitive sectors lagged.
- ▶ Offshore markets were generally stronger, with the US market continuing its strong run, to be up +19.4% for the last 12 months.

Growth of \$100,000 since inception



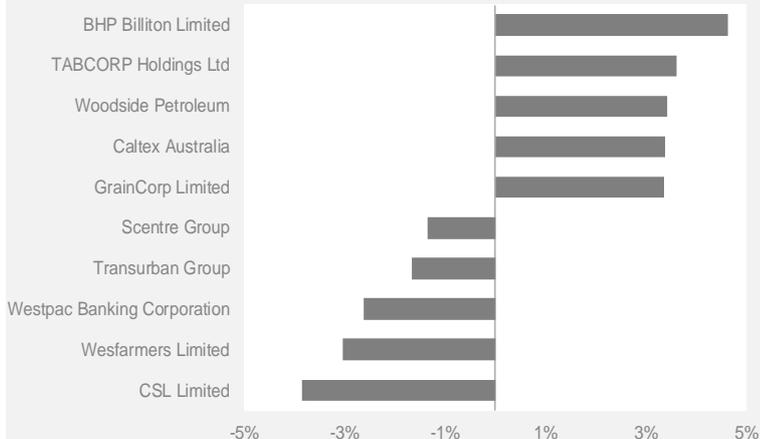
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Perennial Value Australian Shares Trust

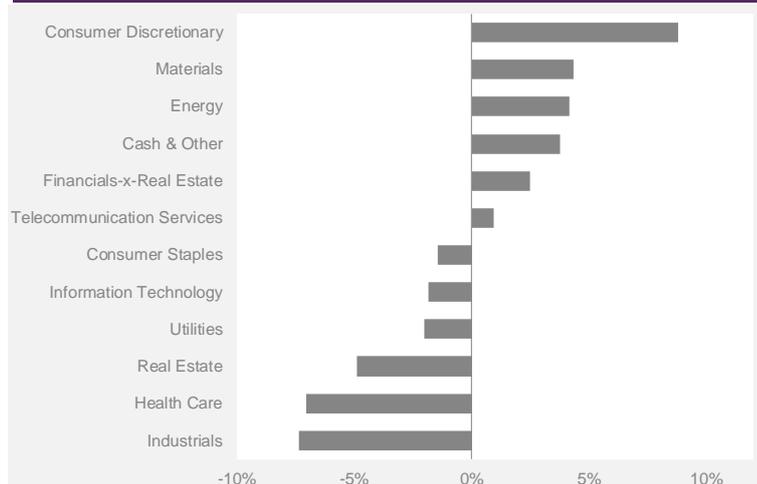
The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling 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)	14.6	15.5
Price to Free Cash flow (x)	12.2	14.4
Gross Yield (%)	6.3	5.7
Price to NTA (x)	1.9	2.2

Source: Perennial Value Management. As at 31 December 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.

Trust Review

Better performing holdings over the month included Tabcorp (+15.1%) which rallied after the approval of its merger with Tatts Group. The merger is expected to result in significant operational benefits both on the cost and revenue side. In addition, the merged group stands to benefit from a number of positive regulatory changes currently being implemented. Westfield Corp (+13.2%), rose after agreeing to a takeover offer from French competitor Unibail-Rodamco. We view this as potentially a very significant transaction in the sense that the Lowy family have decided it is now a good time in the cycle to bow out of the sector. Resource stocks BHP (+8.3%), Rio Tinto (+6.8%) and Woodside Petroleum (+6.7%) all rallied on stronger commodity prices, with robust demand and constrained supply. Other strong performers included Graincorp (+7.6%), Orica (+6.5%) and Brickworks (+6.2%). Crown Resorts (+5.4%) continued to rally as it rationalises its asset portfolio in order to focus on its core Australian casino operations. The Trust also benefitted from its underweight position in the expensive defensive sectors of the market such as Utilities, REITs and Healthcare, which underperformed on the prospect of higher interest rates.

Stocks which detracted from performance included Vocus (-3.5%), Suncorp (-3.3%), Newcrest (-2.1%), Nufarm (-1.4%) and News Corp (-0.6%).

Trust Activity

During the month, we took profits and reduced our holdings in Rio Tinto and News Corp. Both stocks have performed strongly in recent times, having delivered total returns of more than 30.0% over the last 12 months. We exited our holding in Westfield Corp following the takeover offer. Proceeds were used to increase our holdings a number of stocks including Macquarie Group and Orica. At month end, stock numbers were 37 and cash was 3.8%.

Outlook

While growth in the domestic economy remains subdued, the global growth outlook appears to be incrementally improving, despite a high level of ongoing political uncertainty. 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	+1.9	S&P500	+1.0
Energy	+6.5	Nikkei 225	+0.2
Materials	+6.1	FTSE100	+4.9
Industrials	-0.9	Shanghai Composite	-0.3
Consumer Discretionary	3.7	RBA Cash Rate	1.50
Health Care	-0.5	AUD / USD	+3.0
Financials-x-Real Estate	+0.4	Iron Ore	+3.6
Real Estate	+0.1	Oil	+5.2
Information Technology	+2.9	Gold	+2.2
Telecommunication Services	+5.5	Copper	+7.7
Utilities	-4.5		

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Signatory of:



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