

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception <sup>^</sup>
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Shares for Income Trust*	3.4	1.4	3.0	13.9	5.3	10.6	7.3
S&P/ASX 300 Accumulation Index	4.0	4.8	4.8	15.9	7.0	10.2	6.3
<b>Value Added (Detracted)</b>	<b>-0.6</b>	<b>-3.4</b>	<b>-1.8</b>	<b>-2.0</b>	<b>-1.7</b>	<b>0.4</b>	<b>1.0</b>
Capital Growth	3.3	-1.1	0.5	4.6	-3.0	3.2	0.6
Income Distribution	0.0	2.2	2.3	8.3	7.6	6.5	5.9
Net Performance <sup>^^</sup>	3.3	1.1	2.7	12.9	4.5	9.7	6.5

\*Gross Performance. ^Since inception: December 2005. ^^This refers to the Trust's gross performance net of investment management fees. Past performance is not a reliable indicator of future performance.

### Perennial Value Shares for Income Trust

The Trust aims to provide investors with an attractive level of tax effective income, paid via quarterly distributions. The Trust aims to provide a dividend yield, adjusted for applicable franking credits and before fees, above that provided by the S&P/ASX 300 Accumulation Index<sup>#</sup>.

#### Portfolio manager

Stephen Bruce

#### Risk profile

High

#### Trust FUM

AUD \$35 million

#### Distribution frequency

Quarterly

#### Team FUM

AUD \$5.2 billion

#### Minimum initial investment

\$25,000

#### Trust inception date

December 2005

#### APIR code

IOF0078AU

#### Contact Us

invest@perennial.net.au

1300 730 032

www.perennial.net.au

<sup>#</sup>Gross dividend yield.

- ▶ Over the twelve months to October 2017, the Trust has delivered a pre-tax distribution yield (i.e. including franking credits) of 10.8%.
- ▶ Since inception in December 2005, the Trust has delivered a pre-tax distribution yield of 8.0% pa.
- ▶ The market roared back to life in October, to finish up +4.0%, bringing the total return for the last twelve months to a very healthy +15.9%.

### 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 Star Entertainment (+9.7%) and Tabcorp (+5.2%) both of which rallied after indicating that operating conditions were improving. Macquarie Group (+8.2%) rose after delivering a stronger than expected first half profit result and an 8.0% increase in the dividend. 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. Woodside Petroleum (+5.6%) lifted on the higher oil price. Event Hospitality (+6.5%), Boral (+5.6%) and Orica (+5.6%) also outperformed. The only stocks to deliver negative returns were Perpetual (-6.4%) and Westfield (-0.9%).

## Trust Activity

During the month, we took profits and exited our holdings in Lendlease and Platinum Asset Management. Both of these stock had performed very strongly over the past twelve months. Proceeds were used to increase our holdings in ANZ, NAB, Westpac. While the earnings growth our look 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 29 and cash was 6.0%.

## Outlook

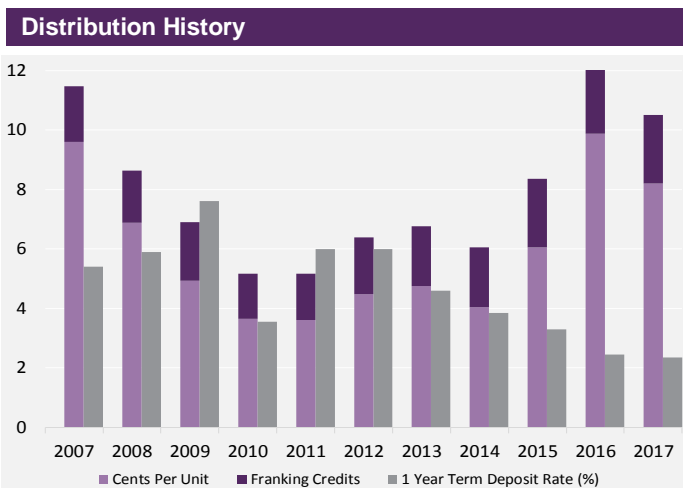
While growth in the domestic economy remains subdued and there remains a high level of political uncertainty, the global growth outlook appears to be incrementally improving. Should this continue, the Trust will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources 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 portfolio continues to offer a higher forecast gross yield than the overall market and, 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. Further, we believe the current very low interest rates highlight the relative attractiveness of financially-sound, high dividend yielding equities.**

Top 10 Holdings		
Stock name	Trust weight %	Index weight %
Commonwealth Bank	9.4	7.0
BHP Billiton Limited	8.5	5.3
Westpac Banking Corporation	8.0	5.5
National Australia Bank	8.0	5.5
ANZ Banking Group Limited	6.0	0.0
Caltex Australia	6.0	8.5
Rio Tinto Limited	4.1	1.8
Woodside Petroleum	3.9	1.4
Suncorp Group Limited	3.9	2.9
Woolworths Limited	3.3	0.6

Asset Allocation		
Sector	Trust weight %	Index weight %
Energy	7.2	4.6
Materials	17.5	17.0
Industrials	0.0	7.4
Consumer Discretionary	10.5	5.1
Consumer Staples	4.9	7.3
Health Care	0.0	7.1
Financials-x-Real Estate	48.2	36.4
Real Estate	3.0	8.2
Information Technology	0.0	1.7
Telecommunication Services	2.7	3.0
Utilities	0.0	2.1
Cash & Other	6.0	-

Rounding accounts for small +/- from 100%.



Distribution shown for full financial years only. Does not take into consideration your personal tax situation. 1 Year Term Deposit Rate sourced from RBA as at last day of previous financial year. Past performance is not a reliable indicator of future performance.

Signatory of:



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