

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years Since Inception (% p.a.)	Since Inception (%p.a.)
Income Distribution	0.4	1.4	3.9	5.2	7.1	6.4	5.8
Capital Growth	-0.8	8.4	-2.8	1.8	0.3	-1.5	0.4
Total Return	-0.4	9.8	1.1	7.0	7.4	4.9	6.2
Franking Credits [#]	0.2	0.7	1.7	2.3	2.3	2.1	2.1
Income Distribution including Franking Credits	0.6	2.1	5.6	7.5	9.4	8.5	7.9
Benchmark Yield* including Franking Credits	0.8	2.1	4.9	6.5	6.3	6.2	6.1
Excess Income to Benchmark[#]	-0.2	0.0	0.7	1.0	3.1	2.3	1.8

[#]Franking credits are an estimate as tax components will only be known with certainty at the end of the financial year. [^]Since inception: December 2005. Past performance is not a reliable indicator of future performance. *S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) Yield.

Overview

- Global markets were generally stronger in March, with the S&P500 +1.8%, FTSE 100 +2.9% and Shanghai Composite +5.1%, while the Nikkei 225 was down -0.8%. A key theme in global markets was falling bond yields, driving up share prices of "bond proxy" stocks.
- The Australian market rose +0.7%, bringing the total return for the March quarter to a strong +10.8%.
- The resources sector performed strongly on the back of an improving Chinese growth outlook, while the banks lagged on the back of a continued slowing in credit growth.
- The market is currently trading close to its long-term average, with a FY20 P/E ratio of 15.2x and offering an attractive gross dividend yield of 5.9%, presenting many very good value opportunities available for investors with a longer-term time horizon.

Perennial Value Shares for Income Trust

The objective of the Trust is to provide investors with an attractive level of tax effective income, paid via monthly distributions. The Trust aims to provide a gross distribution yield, adjusted for applicable franking credits, above that provided by the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

Portfolio Manager	Trust FUM	
Stephen Bruce	AUD \$30 million	
Distribution Frequency	Minimum Initial Investment	
Monthly	\$25,000	
Trust Inception Date	Fees	APIR Code
December 2005	0.92%	IOF0078AU

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	14.0	15.2
Price to Free Cash Flow (x)	12.6	15.0
Gross Yield (%)	7.2	5.9
Price to NTA (x)	2.3	2.3

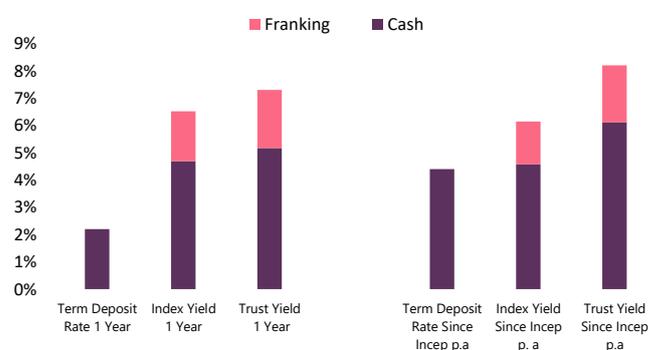
Source: Perennial Value Management. As at 31 March 2019

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.

Franking Levels (%)

FY18	99.2	FY15	88.4
FY17	65.6	FY14	115.0
FY16	55.9	FY13	97.8

Distribution Yield

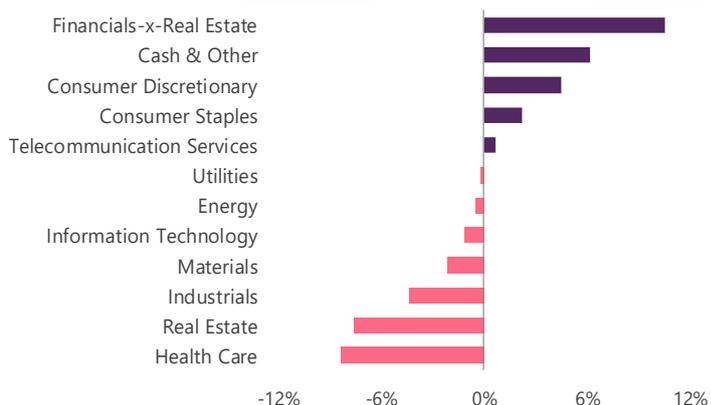


Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Global markets continued their buoyant mood in March, with the S&P500 +1.8%, FTSE 100 +2.9% and Shanghai Composite +5.1%, while the Nikkei 225 was down -0.8%. The Australian market rose +0.7% over the month, bringing the total return for the March quarter to a strong +10.8%. Markets have now largely recovered the losses experienced in the December quarter sell-off, as central banks have taken an increasingly dovish tone regarding interest rate policy.

Resources stocks performed strongly, with Rio Tinto (+8.0%) and BHP (+5.5%), as supply disruptions in Brazil combined with sound Chinese data, saw a rise in the iron ore price. It is interesting to note that the major resources companies continue to be very disciplined in terms of the amount of supply they are bringing into the market. For example, the new mines being developed by BHP, Rio and Fortescue in the Pilbara will simply replace existing production volumes. This augers well for commodity prices and therefore cash flows going forward.

Other stocks which outperformed included Coca-Cola Amatil (+8.5%), Telstra (+6.1%), Woolworths (+6.0%), Event Hospitality (+4.8%), IAG Insurance (+4.5%), Wesfarmers (+4.4%) and Amcor (+4.2%).

Following a strong rally last month, the major banks eased, declining by an average of -3.7%, on the back of a continued slowing in credit growth and ongoing weakness in house prices.

Stocks which detracted from performance included Platinum Asset Management (-16.8%), which gave back recent gains as the founder sold a portion of his holdings, Seven Group (-8.0%) and Caltex (-6.2%).

The Trust was also impacted in a relative sense by the rally in the REIT sector, which rose on the fall in bond yields. We are underweight this sector of the market on valuation grounds.

Trust Activity

During the month we took profits and reduced our positions in Tabcorp and Magellan Financial Group. Proceeds were used to increase our position in Medibank Private. At month end, stock numbers were 34 and cash was 6.2%.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+0.7
Energy	-4.1
Materials	+3.4
Industrials	+2.0
Consumer Discretionary	+1.4
Health Care	+1.3
Financials-x-Real Estate	-2.6
Real Estate	+6.0
Information Technology	+2.6
Telecommunication Services	+3.8
Utilities	+1.3

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Distribution

In order to provide a regular income stream, the Trust pays monthly distributions. We will aim to pay equal cash distributions each month, based on our estimate of the income to be generated over the year. Franking credits and any realised capital gains will then be distributed, as per usual, with the June distribution. This aims to give investors more certainty over their income payments.

Outlook

The market is currently trading close to its long-term average, with a FY20 P/E ratio of 15.2x and offering an attractive gross dividend yield of 5.9%.

Within the overall market, we are currently finding many good value, high-yielding investment opportunities. Across both the industrial and resources sectors, we are seeing many quality companies trading on attractive valuations which should deliver solid returns to investors from these levels.

By contrast, there remain large pockets of expensive growth and momentum style stocks which present significant de-rating risks if the lofty growth rates implied in their valuations are not able to be met. We do not hold these types of stocks as they do not meet our value criteria.

The Trust 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.

Global, Currency & Commodities (%)

S&P500	+1.8
Nikkei225	-0.8
FTSE100	+2.9
Shanghai Composite	+5.1
RBA Cash Rate	1.50
AUD / USD	-0.2
Iron Ore	-0.6
Oil	+3.6
Gold	-1.6
Copper	-0.4