

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception <sup>^</sup>
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	0.0	4.0	13.0	11.1	-	-	4.5
S&P/ASX 300 Accumulation Index	1.0	6.6	16.8	17.5	-	-	7.2
<b>Value Added (Detracted)</b>	<b>-1.0</b>	<b>-2.6</b>	<b>-3.8</b>	<b>-6.4</b>	<b>-</b>	<b>-</b>	<b>-2.7</b>
Net Performance	0.0	3.8	12.2	10.2	-	-	3.9

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

### 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.

#### Trust manager

Dan Bosscher

#### Risk profile

High

#### Trust FUM\*

AUD \$52 million

#### Distribution frequency

Half yearly

#### Strategy FUM

AUD \$465 million

#### Team FUM

AUD \$6.9 billion

#### Trust redemption price

\$1.0342

Any material changes to risk profile, strategy, key service providers or portfolio managers during the period

Nil

#### Minimum initial investment

\$25,000

#### Trust inception date

May 2014

#### APIR code

IOF0228AU

\*Trust FUM is equivalent to the net asset value of the Trust. It is the value of the assets less the liabilities of the Trust, as calculated in accordance with the terms of the Trust's constitution.

- ▶ The market continued its rally in April, with the S&P/ASX300 Accumulation Index (the Index) up 1.0%.
- ▶ Industrials rose 1.5%, while resources eased 1.6%.
- ▶ Defensive sectors of the market tended to outperform.

### Trust characteristics

The objective of the Perennial Value Wealth Defender Australian Shares Trust (the Trust) is to be invested in a diversified portfolio of financially sound companies and carry a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity market falls.

### Market Review

Global markets were mixed, with the S&P500 (up 0.9%) and Nikkei 225 (up 1.5%) rising, while the FTSE100 (down 1.6%) and Shanghai Composite (down 2.1%) declined. Commodity prices were generally softer, with iron ore (down 16.0%), oil (down 7.0%), copper (down 4.0%) and thermal coal (down 1.0%) all falling. Coking coal (up 62.0%) was the exception, rallying as a result of supply disruptions from the recent cyclones while gold also rose 2.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month down one cent at 75 US cents.

During April, the better performing sectors included industrials (up 4.1%), information technology (up 3.5%), healthcare (up 3.4%), utilities (up 3.1%), REITs (up 2.6%) and financials (up 1.9%). Telecommunications (down 9.5%) was the worst performing sector, with consumer staples (down 2.5%), metals & mining (down 2.0%) and energy (down 0.6%) also lagging.

### Trust Review

The better performing stocks in the Trust included Iluka Resources (up 10.2%), which rallied after providing positive commentary at their annual general meeting, indicating a clear improvement in conditions in the mineral sands market. Clydesdale Bank (up 7.1%) rallied as the British Pound strengthened following the upgrading of UK gross domestic product forecasts and the calling of an early election, which was perceived to improve the likely outcome of Brexit negotiations. Henderson Group (up 5.8%), also benefitted from this improved UK outlook as well as reporting that funds flows had improved. Other strong performers included Crown Resorts (up 5.8%), Orica (up 5.3%) and Amcor (up 4.3%). Suncorp (up 4.5%) rallied on continuing evidence of improvement in premium pricing. This follows a prolonged period of intense price competition in the industry.

Stocks which detracted from performance included Vocus Group (down 20.6%), which is currently grappling with integration issues following a number of recent mergers. While these have had a negative impact on current earnings, the company should be well-placed to grow over the medium term. The whole telecommunications sector was weak over the month and, in a relative sense, the Trust benefitted from being underweight Telstra (down 9.4%) and not holding TPG (down 12.7%). Other stocks which detracted from performance, included Newcrest (down 5.0%) following a seismic event which has temporarily disrupted production at its Cadia (NSW) operations, Graincorp (down 1.9%) and BHP (down 1.3%).

In recent months, the cost of running the protection overlay has been relatively low, with volatility, both realised and as measured by the Volatility Index (VIX), running at low levels.

### Trust Activity

During the month, we took profits and reduced our holdings in a number of stocks which had performed strongly recently, including Resmed, Woolworths and Iluka Resources. Proceeds were used to increase our holdings in a number of good value opportunities including Suncorp, BHP and AMP. At month end, stock numbers were 51 and cash was 7.6%.

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

The market was not pricing a high risk of a Le Pen victory so we maintained the normal levels of portfolio protection.

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, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.**

### Top 10 Holdings

Stock name	Trust weight %	Index weight %
National Australia Bank	6.1	5.7
Commonwealth Bank	6.0	9.4
BHP Billiton Limited	5.6	4.7
Westpac Banking Corporation	5.1	7.3
ANZ Banking Group Limited	4.4	6.0
AMP Limited	3.2	1.0
Woodside Petroleum	3.2	1.5
Suncorp Group Limited	3.0	1.1
Crown Resorts Limited	3.0	0.3
Macquarie Group Limited	2.9	2.0

### Asset Allocation

Sector	Trust weight %	Index weight %
Energy	5.5	4.2
Materials	14.9	15.4
Industrials	1.6	6.9
Consumer Discretionary	9.6	5.0
Consumer Staples	6.6	7.0
Health Care	0.0	7.0
Financials-x-Real Estate	37.4	38.4
Real Estate	5.6	8.5
Information Technology	1.2	1.4
Telecommunication Services	5.2	3.6
Utilities	0.8	2.7
Cash & Other	11.6	-

Rounding accounts for small +/- from 100%.

Signatory of:



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