

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	-4.1	-4.8	3.5	2.3	1.4	-	4.1
S&P/ASX 300 Accumulation Index	-3.7	-3.8	4.5	2.9	3.9	-	6.0
<b>Value Added (Detracted)</b>	<b>-0.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-0.6</b>	<b>-2.5</b>	<b>-</b>	<b>-1.9</b>
Net Performance	-4.2	-4.9	2.8	1.3	0.5	-	3.3

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

### Overview

- ▶ Volatility continued in March, with the market selling off and finishing the month down -3.7%.
- ▶ The fall in the Australian market mirrored the offshore markets which were all weaker on political concerns, principally regarding trade policy, with the S&P500 down -4.0%, Nikkei 225 down -4.1%, the FTSE100 down -2.4% and the Shanghai Composite down -3.0%.
- ▶ In this environment, defensive sectors tended to outperform, while resources and financials bore the brunt of the selling.

### Protection Portfolio Outcomes

	Index Return (%)	Protection Return (%)	Proportion of market fall saved
August 2015 - China Market Turbulence	-7.7	2.7%	35.0%
January 2016 - Continued China Fears	-5.5	1.6%	30.0%

Past performance is not a reliable indicator of future performance.

- ▶ One year protection cost of 1.8% in a +2.9% market, implying 80% upside participation.
- ▶ In a moderate fall of 3.7% we do not expect much from the overlay as it is most effective in short sharp falls in the market.

### Perennial Value Wealth Defender Australian Shares Trust

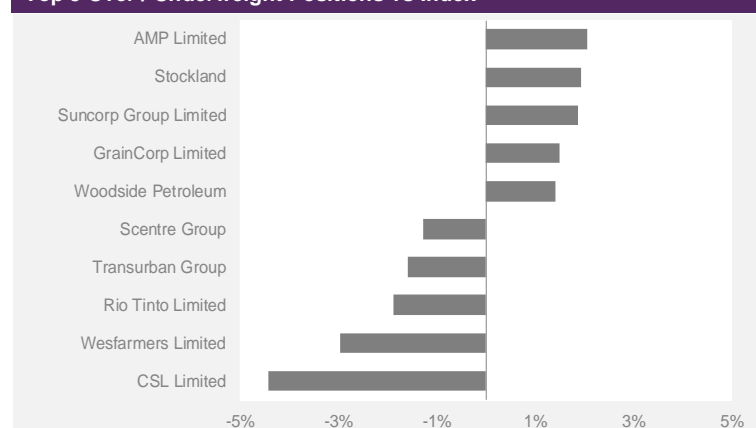
The Trust aims to outperform the S&P/ASX 300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

Portfolio manager	Dan Bosscher
Trust FUM	AUD \$62 million
Distribution frequency:	Half yearly
Minimum initial investment	\$25,000
Trust Inception Date	May 2014
Fee	0.98% + Perf fee
APIR code	IOF0228AU
Trust Redemption Price	\$1.0264

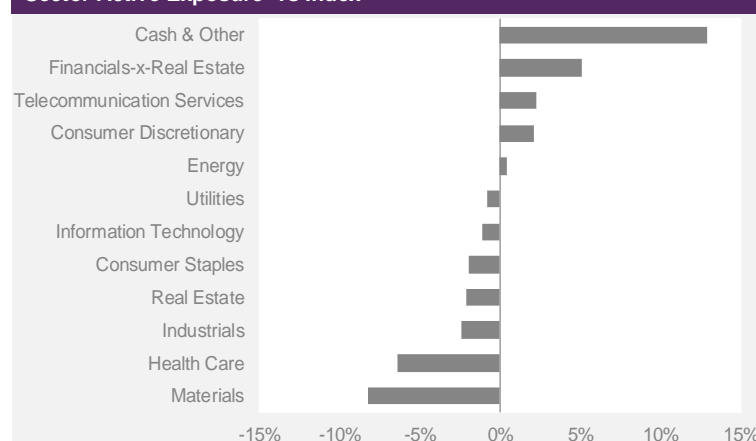
Portfolio Characteristics – FY19	Trust	Market
Price to Earnings (x)	13.5	14.6
Price to Free Cash flow (x)	12.1	14.3
Gross Yield (%)	5.9	6.0
Price to NTA (x)	1.9	2.1

Source: Perennial Value Management. As at 31 March 2018. 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.

### Top 5 Over / Underweight Positions vs Index



### Sector Active Exposure vs Index



## Trust Review

Better performing holdings over the month included portable accommodation manufacturer Fleetwood (+11.8%), communications equipment maker Codan (+8.7%) and agricultural company Graincorp (+6.3%), which rallied on improving seasonal conditions and increased interest in the potential value that could be unlocked from its infrastructure assets, in particular its unique network of ports up and down the east coast of Australia.

Other stocks which outperformed at the smaller end included gold miner Doray Minerals (+3.6%), remote location power solutions provider Pacific Energy (+2.8%), labour hire company People Infrastructure (+2.1%) and medical diagnostics operator Integral Diagnostics (+1.4%). Amongst the large cap holdings, Amcor (+1.9%), Woodside Petroleum (+0.2%), Stockland (-0.6%), Star Entertainment (-0.6%), Macquarie Group (-0.7%) and Suncorp (-1.6%) also outperformed.

Stocks which detracted from performance included Perpetual (-10.3%) with its leverage to declining markets, Vocus (-9.4%) as questions were raised around the expected sale price of its New Zealand operations and Caltex (-9.0%) which declined on negative press around its franchising operations.

The fall in the share market was relatively small and whilst volatility in the US was significant, in Australia we saw a very low level of realised volatility. We believe the protection continues to offer good levels of protection should there be a significant fall in the market.

## Trust Activity

During the month we took profits and reduced our holding in Macquarie Group and NewsCorp and exited our holdings in Rio Tinto, Qantas and Whitehaven Coal. We also reduced our holding in Caltex. Proceeds were used to increase our holding in BHP, Stockland and the major banks. At month end, stock numbers were 48 and cash was 12.4%.

## Outlook

While the level of volatility in markets is likely to increase going forward, driven by factors such as recent political rhetoric around trade policy, the global economic backdrop continues to be positive, with all major regions delivering improved growth. While the domestic economy has been subdued, recent data is increasingly positive. 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 exhibit Perennial Value's true to label value characteristics, with the portfolio 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.**

Market Review - Australia		%	Global, Currency & Commodities		%
S&P/ASX300 Accumulation Index		-3.7	S&P500		-4.0
Energy		-2.5	Nikkei 225		-4.1
Materials		-4.2	FTSE100		-2.4
Industrials		-1.1	Shanghai Composite		-3.0
Consumer Discretionary		-2.3	RBA Cash Rate		1.50
Health Care		-3.3	AUD / USD		-1.6
Financials-x-Real Estate		-5.8	Iron Ore		-19.8
Real Estate		+0.1	Oil		+10.1
Information Technology		-2.2	Gold		+0.6
Telecommunication Services		-6.2	Copper		-3.1
Utilities		-0.8			

## Contact Us

1300 730 032

invest@perennial.net.au

[www.perennial.net.au](http://www.perennial.net.au)

Signatory of:



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website [www.perennial.net.au](http://www.perennial.net.au).