

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (%p.a.)
Perennial Value Wealth Defender Australian Shares Trust*	-3.8	-6.7	-5.9	-2.7	4.8	-	3.3
S&P/ASX300 Accumulation Index	-2.2	-9.3	-6.8	-1.0	7.7	-	5.3
Value Added (Detracted)	-1.6	2.6	0.9	-1.7	-2.9	-	-2.0
Net Performance	-3.9	-7.0	-6.2	-3.5	3.9	-	2.5

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

Overview

- Global markets were mixed in November, with the S&P500 +1.8%, FTSE 100 -2.1%, Nikkei 225 +2.0% and Shanghai Composite -0.6%.
- The Australian market fell, finishing the month down -2.2%, bringing the total return for the last 12 months to -1.0%.
- Financials was the best performing sector, with the banks outperforming as the Royal Commission drew to a close, while the resources sector declined on softer commodity prices, with oil down sharply.
- Following the recent declines, the market is now trading in line with its long-term average forward P/E ratio of 14.5x and offering an attractive gross dividend yield of over 6.0%, with many very good value opportunities available.

Perennial Value Wealth Defender Australian Shares Trust

The Trust aims to outperform the S&P/ASX300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the Trust through market cycles, thereby reducing the magnitude of significant negative returns in sharply falling equity markets.

Portfolio Manager **Trust FUM**
Dan Bosscher **AUD \$47 million**

Distribution Frequency **Minimum Initial Investment**
Half yearly **\$25,000**

Trust Inception Date **Fees**
May 2014 **0.98% + Perf fee**

APIR Code **Trust Redemption Price**
IOF0228AU **\$1.0020**

Portfolio Characteristics – FY19	Trust	Index
Price to Earnings (x)	12.8	14.5
Price to Free Cash Flow (x)	10.4	14.0
Gross Yield (%)	6.8	6.7
Price to NTA (x)	1.9	2.2

Source: Perennial Value Management. As at 30 November 2018.

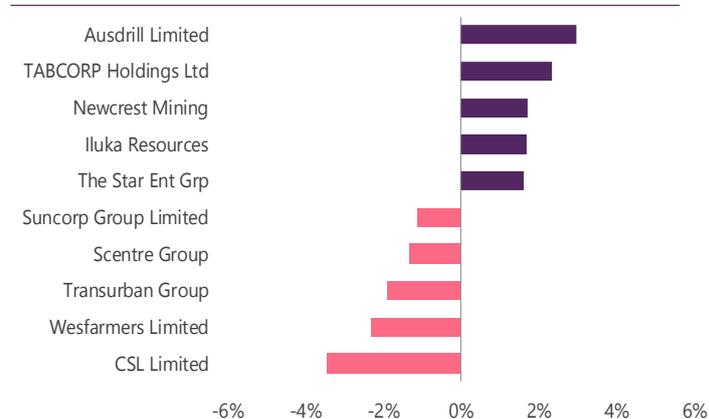
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Down market Outcomes

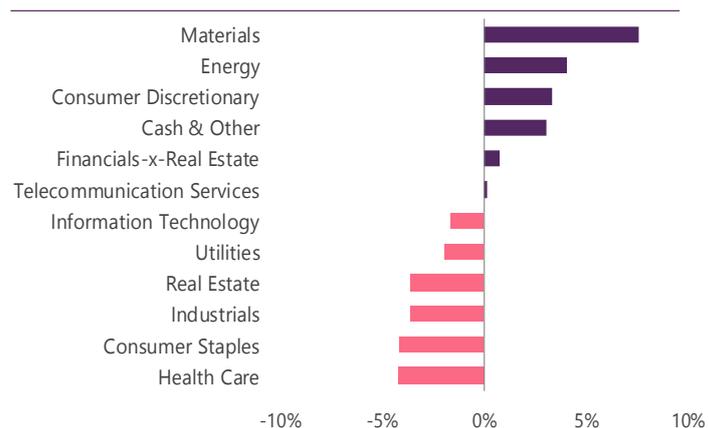
	Index Return (%)	Portfolio Return (%)	Proportion of Market Fall Saved
August 2015 China Market Turbulence	-7.7	-4.7	39.0
October 2018 Trade war sell off	-6.2	-3.8	39.0

- Protection overlay continues to perform well. The one year rolling cost of protection is currently 0.3%, with the market -1.0%. This is an excellent outcome for the Trust.
- The Trust currently carries a high level of protection.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The market finished the month down -2.2%, with the resources sector the main drag, falling -6.6% on the back of softer commodity prices, with oil in particular falling sharply. Financials was the best performing sector, rising +1.4%.

The major banks performed strongly, delivering an average return of +2.8% as the Royal Commission drew to a close. While the softening housing market and slowing credit growth is leading to a very muted growth outlook for the sector, the banks are trading on attractive valuations and offering compelling and sustainable dividend yields, justify their overweight position in the Trust.

Other holdings which performed well included Newcrest (+0.7%) as gold performed well over the month. Macquarie performed well as the company upgraded profit guidance for FY19, and Amcor (+1.0%) also outperformed.

The main detractors from performance were Lendlease (-28.1%), which fell after announcing provisions related to cost overruns in a number of engineering projects and Clydesdale Bank (-25.8%), which was sold off after guiding to lower margins in the recently acquired Virgin Money business. Energy stocks Origin (-11.1%) and Woodside (-10.9%) also fell on a weaker oil price. However, we view this as temporary and have a positive medium-term view on oil and LNG prices and the outlook for both of these companies.

The market is currently responding very aggressively to any disappointing news and marking stocks down sharply over what, in many cases, are overreactions to transient issues. This short-termism often leads to significant mispricing.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	-2.2
Energy	-10.7
Materials	-4.7
Industrials	-0.6
Consumer Discretionary	-4.5
Health Care	-4.0
Financials-x-Real Estate	+1.4
Real Estate	-0.3
Information Technology	+1.0
Telecommunication Services	-3.1
Utilities	-1.8

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Contact Us

 Level 27, 88 Phillip Street Sydney NSW 2000

 1300 730 032

 invest@perennial.net.au

 www.perennial.net.au



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Trust Activity

During the month, we took profits and reduced our holdings in BHP and Woolworths, exited our position in QBE and trimmed our holding in Atlas Arteria. Proceeds were used to increase our holdings in a number of good value opportunities including Macquarie, CYBG Group, as well as initiating a new position in Iluka.

Outlook

Following the recent sell-off, the market is now trading in line with its long-term average, with a one year forward P/E of 14.5x and offering an attractive gross dividend yield of over 6.0%.

Within the overall market, we are currently finding many good value 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.

We consider the overall risk level in the market to be high enough to justify carrying a high level of 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.

Global, Currency & Commodities (%)

S&P500	+1.8
Nikkei225	+2.0
FTSE100	-2.1
Shanghai Composite	-0.6
RBA Cash Rate	1.50
AUD / USD	+3.0
Iron Ore	-15.1
Oil	-22.2
Gold	+0.5
Copper	+4.1