

	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 (Net)	6.0	5.9	-0.7	0.3	7.2	-	3.6
S&P/ASX300 Accumulation Index	6.0	9.9	2.4	6.8	12.9	-	7.1
Value Added (Detracted)	0.0	-4.0	-3.1	-6.5	-5.7	-	-3.5

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

Overview

- Global markets continued their rebound in February, with the S&P500 +3.0%, FTSE 100 +1.5%, Nikkei 225 +2.9% and Shanghai Composite +13.8%.
- The Australian market performed strongly, finishing the month +6.0%.
- Most sectors had a positive print, with Financials and Large-cap Miners both doing well.

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: \$0.9978

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	12.1	15.2
Price to Free Cash Flow (x)	9.7	15.0
Gross Yield (%)	6.6	6.0
Price to NTA (x)	1.9	2.3

Source: Perennial Value Management. As at 28 February 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.

Down Market Outcomes

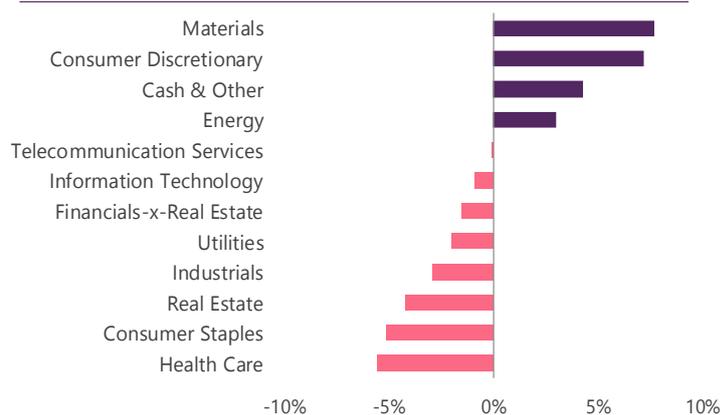
	Index Return (%)	Portfolio Return (%)	Proportion of Market Fall Saved
August 2015 China Market Turbulence	-7.7	-4.7	39.0
October 2018 Trade war sell off	-6.2	-3.8	39.0

- The overlay cost was high in February given the very large move in the market but the Trust still managed to keep pace. The since inception cost of protection is 2.4% per annum.
- The Trust currently carries a moderate level of protection.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Global markets continued the strong rally from January. The Australian market performed very well over the month to close up +6.0%.

The final report of the Hayne Royal Commission and reporting season dominated news flow over the month. Both the outcome of the Royal Commission and reporting season were better than feared, though perhaps reporting could be best described as 'in-line'

During February, the Financial (+9.1%) and Energy (+7.8%) sectors led the way while the Consumer Staples (-1.4%) and Healthcare (+1.3%) sectors lagged.

A number of the Trust's commodities-related holdings performed strongly, including mining services company Ausdrill (+38.1%) and resources holdings Alumina (+13.0%), RIO Tinto (+10.5%), Bluescope (+8.1%) and Woodside Petroleum (+9.3%).

A key feature of the RIO result was the announcement of a US\$2.43 per share or \$4bn special dividend.

A number of the Trust's financial holdings also performed strongly. These included fund manager Janus Henderson (+15.7%) and Macquarie Group (+10.4%).

Gaming stocks Aristocrat (unchanged), Star Entertainment (-0.2%) and Tabcorp (+1.5%) all trailed the broader market rally.

Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+6.0
Energy	+7.8
Materials	+6.4
Industrials	+6.4
Consumer Discretionary	+6.7
Health Care	+1.3
Financials-x-Real Estate	+9.1
Real Estate	+1.8
Information Technology	+7.5
Telecommunication Services	+4.4
Utilities	+4.0

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Trust Activity

During the month, we reduced our exposure to Alumina, BHP and RIO, taking advantage of their post-reporting rally.

We added to Telstra and Woolworths, pivoting into slightly more defensive names.

We also added Boral, adding US housing exposure (and at 11.4x FY20 P/E and 6.8% gross yield, it represents good value).

At month end we hold 45 stocks and 6.3% cash.

Outlook

The market is currently trading close to its long-term average, with a FY20 P/E of 15.2x and offering an attractive gross dividend yield of over 6.0%.

Within the overall market, we are seeing many quality companies trading on attractive valuations which should deliver solid returns to investors from these levels.

We have moderate protection in place at the moment.

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	+3.0
Nikkei225	+2.9
FTSE100	+1.5
Shanghai Composite	+13.8
RBA Cash Rate	1.50
AUD / USD	-2.4
Iron Ore	+4.2
Oil	+6.7
Gold	-0.6
Copper	+5.5