

| | Month | Quarter | FYTD | 1 year | 3 years | 5 years | Since Inception [^] |
|--|-------------|---------|------|--------|---------|---------|------------------------------|
| | % | % | % | % | % p.a. | % p.a. | % p.a. |
| Perennial Value Wealth Defender Australian Shares Trust* | -1.5 | - | - | - | - | - | -1.5 |
| S&P/ASX 300 Accumulation Index | -1.4 | - | - | - | - | - | -1.4 |
| Value Added (Detracted) | -0.1 | - | - | - | - | - | -0.1 |
| Net Performance | -1.4 | - | - | - | - | - | -1.4 |

*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 falling equity markets.

Trust manager:

Dan Bosscher

Risk profile:

High

Trust FUM* (as at 30 June 2014):

AUD5.6 million

Income distribution frequency:

Half yearly

Team FUM (as at 30 June 2014):

AUD8.2 billion

Trust redemption price (as at 30 June 2014):

\$0.9848

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 Australian equities market declined in June.**
- ▶ **The Trust's best performing holdings for the month included Westfield Corporation (up 6.5% adjusted for the demerger), Aveo Group (formerly FKP, up 2.9%) and Stockland (up 2.6%).**
- ▶ **Domestically the data was mixed, with a number of retailers announcing earnings downgrades during the month.**

The Australian equities market declined in June, with the benchmark S&P/ASX300 Accumulation Index (the Index) down 1.4%. The Perennial Value Wealth Defender Australian Shares Trust (the Trust) was down 1.5%, underperforming the Index by 0.1%.

Global markets were strong in June, with the Nikkei 225 (up 3.6%), the S&P500 (up 1.9%) and the Shanghai Composite (up 0.5%) rising during the month, while the FTSE fell (down 1.5%). The US Federal Reserve remained upbeat on the outlook, noting that economic activity has rebounded in recent months and indicated that short term interest rates may rise in 2015/16. In Europe, the ECB cut interest rates by 10 basis points and announced a series of credit easing measures in response to low levels of inflation. China continued to show slight improvements, with HSBC manufacturing PMI in May expanding to 50.8 and Industrial Production increased 8.8% year on year. Domestically the data was mixed, with a number of retailers announcing earnings downgrades during the month on the back of unseasonably warm winter and a decline in consumer confidence post the Federal Budget. GDP expanded 1.1% quarter on quarter in 1Q 2014 with the annual rate of economic growth accelerating to 3.5% year on year. The RBA left the cash rate unchanged at 2.5%, retaining its neutral bias. The AUD/USD rose by 1.2c to end the month at 94.3c.

The better performing sectors during June were REITs (up 3.3%), boosted by the Westfield restructuring and Utilities (up 1.1%), assisted by lower bond yields. Financials (down 1.1%) and Energy (down 1.2%) also outperformed. Consumer Staples (down 4.5%) was the worst performing sector, followed by Healthcare (down 3.2%) and Telecommunications (down 2.7%).

The best performing stock in the portfolio for the month was Westfield Corporation (up 6.5% adjusted for the demerger), which commenced trading post the restructure of Westfield Group (WDC) and Westfield Retail (WRT). Under the transaction, the Australian and New Zealand business formed a new entity known as Scentre Group and the international business became Westfield Corporation. Westfield Corporation holds a number of high quality assets and offers earnings exposure to the US and UK. Other strong performers included Aveo Group (formerly FKP, up 2.9%), Stockland (up 2.6%) and Orora (up 2.5%).

Stocks which detracted from performance during the month included Fairfax (down 11.3%), BlueScope (down 7.2%), Crown (down 7.0%) and Iluka (down 6.6%). We remain comfortable with our holdings in each of these stocks.

The option portfolio held by the Trust is designed to cushion significant falls in the equity market. During its first month, the Trust carried downside protection in the August and September expiries in the form of listed index put options. Although there was a small movement down in the underlying Index the Trust performed in line, as the protection is designed to have effect when markets fall in a more material way. This

means that the strategy is more cost effective over the longer term.

At month end, the Trust had protection in place to cover about half of a 15% fall in the market.

| Top 10 Holdings | | |
|-----------------------|----------------|----------------|
| Stock name | Trust weight % | Index weight % |
| BHP Billiton Limited | 9.4 | 8.5 |
| Westpac Banking Corp | 7.9 | 7.8 |
| National Aust. Bank | 6.4 | 5.7 |
| ANZ Banking Group Ltd | 6.2 | 6.7 |
| Commonwealth Bank. | 5.8 | 9.7 |
| Telstra Corporation. | 3.9 | 4.8 |
| Woodside Petroleum | 3.7 | 2.1 |
| Rio Tinto Limited | 2.8 | 1.9 |
| Asciano Limited | 2.6 | 0.4 |
| QBE Insurance Group | 2.5 | 1.0 |

| Asset Allocation | | |
|----------------------------|----------------|----------------|
| Sector | Trust weight % | Index weight % |
| Energy | 6.7 | 6.3 |
| Materials | 21.4 | 16.9 |
| Industrials | 6.1 | 6.9 |
| Consumer Discretionary | 7.1 | 4.2 |
| Consumer Staples | 2.5 | 7.9 |
| Health Care | 2.8 | 4.6 |
| Financials-x-Real Estate | 36.2 | 38.2 |
| Real Estate | 8.1 | 7.1 |
| Information Technology | 0.3 | 0.8 |
| Telecommunication Services | 4.1 | 5.2 |
| Utilities | 1.7 | 1.8 |
| Other | 2.8 | - |

Rounding accounts for small +/- from 100%.

For all other enquiries please contact us on 1300 730 032
or visit www.perennial.net.au.

Signatory of:



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