PERENNIAL VALUE MANAGEMENT

Perennial Value Shares Wholesale Trust

Monthly Report as at 30 November 2013

	1 Month %	3 Months %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.	Since Inception^ % p.a.
Perennial Value Shares Wholesale Trust*	-0.4	7.4	15.4	27.0	9.4	13.6	10.2
S&P/ASX 300 Accumulation Index	-1.3	4.7	13.0	22.7	9.5	12.1	7.9
Value Added (Detracted)	**0.9**	**2.7**	**2.4**	**4.4**	**-0.1**	**1.5**	**2.3**
Capital Growth	-0.5	7.2	15.0	20.8	4.2	8.2	1.4
Income Distribution	0.0	0.0	0.0	5.3	4.4	4.5	8.1
Net Performance	-0.5	7.2	15.0	26.1	8.6	12.7	9.5

*Gross Performance. ^Since inception: June 2001. **Past performance is not a reliable indicator of future performance.**

- The Trust outperformed the Index return by 0.9% for the month.
- Domestic economic data was generally better than expected.
- The best performing stock in the Trust for the month was FKP Property Group (up 15.9%).

After several very strong months, the Australian share market declined in November with the S&P/ASX300 Accumulation Index (the Index) return down 1.3%. Pleasingly, the Perennial Value Shares Wholesale Trust (the Trust) ended the month only marginally down, by 0.4%, delivering 0.9% outperformance against the Index return.

For the calendar year to 30 November, the Trust has continued to deliver both strong absolute and relative performance. The total return of 23.2% has delivered 453 basis points of outperformance relative to the Index return of 18.7%.

Globally, economic data in the US and Japan continued to show positive momentum with the S&P500 finishing up 2.8% and the Nikkei 225 up 9.3% for the month. In China, policymakers are continuing their attempts to slow growth in credit and housing activity and accelerate the rotation in domestic consumer spending. Global manufacturing and services forward indicators point to slightly firmer global output growth in the near term. The FTSE finished down 1.2% while the Shanghai Composite rose 3.7%.

Domestically, economic data was generally better than expected including monthly retail sales (up 0.8%), consumer confidence, housing finance approvals and house prices. Employment growth remains weak however, with the unemployment rate slightly higher and wages growth slowing markedly. The Reserve Bank of Australia (RBA) left the cash rate unchanged and retained its easing bias, highlighting that it would like a lower Australian dollar (AUD) to rebalance growth. The AUD finished the month down 3.7% at US$0.91.

The better performing sectors during November were financials (down 0.2%) and healthcare (down 0.3%) while energy (down 6.4%) and resources (down 3.2%) underperformed.

Perennial Value Shares Wholesale Trust:

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Trust Manager: John Murray	**Risk Profile:** High
Trust FUM (as at 30/11/13): AUD1.7 billion	**Income Distribution Frequency:** Half yearly
Team FUM (as at 30/11/13): AUD8.4 billion	**Minimum Initial Investment:** $25,000
Trust Inception date: June 2001	**APIR code:** IOF0206AU

The best performing stock in the Trust for the month was FKP Property Group (up 15.9%) following a positive update on its residential portfolio and some small asset sales as it continues to pursue its strategy to become a pure-play retirement business. Other strong contributors included Myer (up 14.0%) following a better than expected 1Q sales report, Orica (up 12.6%) following its earnings result and Bluescope Steel (up 9.0%), which announced the acquisition of the OneSteel Sheet and Coil distribution assets for an attractive price.

Stocks which detracted from performance during the month were not high conviction Trust holdings, thereby minimising their impact on overall performance. WorleyParsons (down 25.9%) fell after issuing an earnings downgrade. Worley noted subdued market activity in some of its key regions including Australia and Canada, with recently awarded contracts slower to ramp up than expected as customers remain cautious. Gold exposed companies Newcrest and PanAust fell during the month, down 25.3% and 24.8% respectively, after the gold price fell 5.4% for the month to be down 10.3% over the last three months.

In terms of profit results, Aristocrat Leisure reported a full year profit of $107 million, up 16.9% on last year. The all-important North American market remained solid for Aristocrat while the rest (predominantly Australia and Japan) were weaker. The company has delivered a very strong total return of 49.9% in the past year. The company has a number of medium-term organic growth opportunities. An array of strong game titles being released should result in increased fees on a wider installed gaming machine base in North America and this will also feed into the growing Macau market (which Perennial Value visited in June) and Australia.

Orica delivered a 2013 full-year net profit of $602 million, which was slightly ahead of market expectations. Importantly, the company indicated that they were both gaining market share when tendering for new mining services contracts and maintaining or expanding margins as existing contracts rolled over.

Over October and November, ANZ, NAB and Westpac reported strong full year results and an average 11% increase in dividends. We expect subdued single-digit earnings growth into 2014 (see below for further commentary).

In terms of Trust activity, we reduced a number of holdings during the month, including ANZ, Crown, FKP, Henderson Group, NAB and Treasury Wine Estates. Crown, Henderson and NAB have been significant contributors to the Trust's results over the past year, having delivered respective total returns of 68.5%, 111% and 50.1%.

Readers may recall that NAB has been the Trust's highest conviction bank holding for well over twelve months. The total annualised return of 50.1% compares to the average 36.9% total return of the other three big banks. We have reduced the Trust's exposure to the banking sector as, following its very strong performance over the past two years, the major banks no longer represent the compelling relative value they once did.

Sale proceeds were reinvested into holdings including AMP, Fairfax and QBE. Fairfax has been significantly impacted by structural change in recent years. Management has responded to this change by restructuring the cost base and greatly improving the balance sheet. While risks remain, we believe that the upside potential outweighs the risks given the balance sheet optionality, focus on costs, undemanding valuation (FY14 price to free cashflow ratio of 9.4x versus overall market of 13.3x, a 29% discount) and early signs of improvement in the advertising market.

At month end, stock numbers stood at 47 with cash at 1.3%.

Top 10 Holdings as at 30 November 2013

Stock	Trust Weight %	Index Weight %
BHP Billiton Limited	9.9	9.0
Westpac Banking Corp	7.4	7.7
ANZ Banking Grp Ltd	7.3	6.6
Commonwealth Bank.	7.3	9.5
National Aust. Bank	7.0	6.1
Telstra Corporation.	5.9	4.8
Macquarie Group Ltd	3.6	1.4
Rio Tinto Limited	3.0	2.2
Woodside Petroleum	2.8	1.8
Brambles Limited	2.5	1.1

Asset Allocation as at 30 November 2013

Asset Class	Trust Weight %	Index Weight %
Energy	6.9	5.8
Materials	24.9	17.6
Industrials	4.4	6.5
Consumer Discretionary	7.4	4.8
Consumer Staples	2.9	8.1
Health Care	0.1	4.7
Financials-x-Real Estate	39.0	38.2
Real Estate	6.6	6.9
Information Technology	0.0	0.8
Telecommunication Services	5.9%	5.1
Utilities	0.2	1.6
Other	1.6	0.0

Rounding accounts for small +/- from 100%.

Signatory of:

PRI Principles for Responsible Investment