

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	-2.6	-4.5	0.1	-	-	-	-1.4
S&P/ASX 300 Accumulation Index	-3.2	-4.5	0.3	-	-	-	-1.1
Value Added (Detracted)	0.6	0.0	-0.2	-	-	-	-0.3
Net Performance	-2.6	-4.7	-0.1	-	-	-	-1.5

*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 30/11/14):

AUD16.8 million

Income distribution frequency:

Half yearly

Team FUM (as at 30/11/14):

AUD7.4 billion

Trust redemption price (as at 30/11/14):

\$ 0.9831

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:

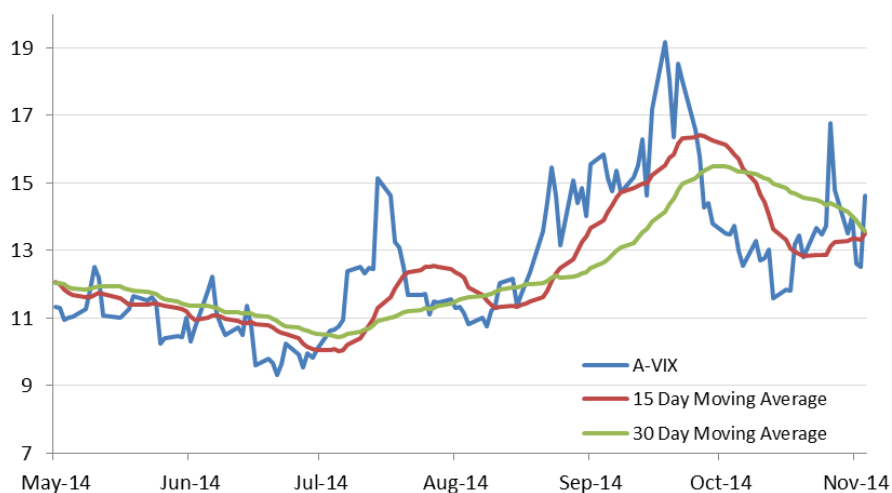
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*Trust FUM is equivalent to the net asset value of the Trust. It is the value of the assets less the liabilities of the Trust, as calculated in accordance with the terms of the Trust's constitution.

- ▶ **The Trust outperformed the Index in November by 0.6%**
- ▶ **The protection portfolio delivered as expected, generating 0.5% of the outperformance.**
- ▶ **The best performing stocks in the Trust were Amalgamated Holdings (up 13.6%), Newcrest Mining (up 10.9%) and Resmed (up 6.0%).**

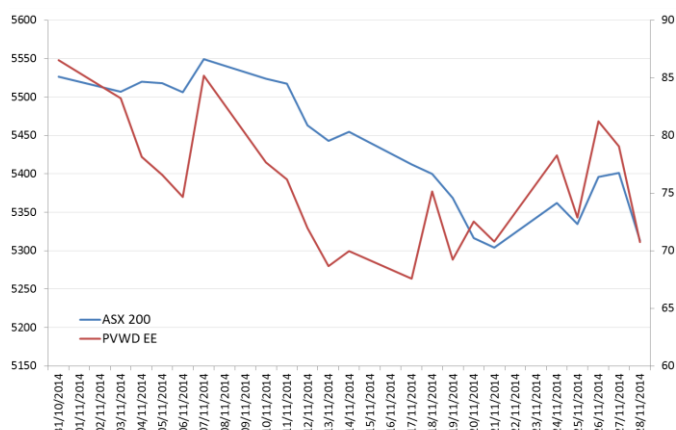
The Perennial Value Wealth Defender Australian Shares Trust (the Trust) returned -2.6% in November outperforming the S&P/ASX300 Accumulation Index (the Index) by 0.6%. Since inception, the Trust has returned -1.4% versus the Index return of -1.1%. We are pleased with this result as it demonstrates the benefit of dynamic risk management. The result shows that it is possible to economically carry sufficient protection to potentially halve material falls in the market without dragging significantly. It also helps to manage behavioural risk, mitigating the temptation to sell at the lows. In a volatile market, we want our investors to feel comfortable invested in equities, with lower overall risk.

After a reasonably solid start to the month, the market fell over in the second half of November. This was predominantly driven by lower iron ore and oil prices. As a result, we saw volatility increase as shown below. The market is becoming increasingly uncertain about the effect of Quantitative Easing (QE) withdrawal in the US and the potential start of QE in Europe. It seems the only real consensus at the moment is that volatility will increase, coming off a historically low base.



Source: Perennial

As you can see, from the chart below, the Trust's exposure to the equity market (PVWD EE) is very dynamic and moves as the market rises and falls.



Source: Perennial

This dynamic (our positions) and organic (market movements) exposure change is also reflected in the underlying volatility of returns of the Trust relative to the Index. Since inception the standard deviation of the Trust is 10.2% versus the Index at 13.8%*.

As at month end, the Trust has a structure in place to mitigate a 15% overnight fall in equity markets by an estimated 48%.

Globally, equity markets responded positively to generally better data in the US and renewed stimulus efforts from the European Central Bank (ECB) and The People's Bank of China. ECB Chief Mario Draghi strengthened his stimulus pledge for the Eurozone, stating that he "will do what [he] must to raise inflation and inflation expectations as fast as possible". The S&P500 was up 2.4%, the FTSE was up 2.6%, the Euro Stoxx 50 up 4.4% and the Nikkei finished up 6.4%. The Shanghai Composite was up 10.9% assisted by both stimulus and the opening of a new trading link between Hong Kong and the Shanghai Stock Exchange.

Domestically, economic data was mixed with the NAB Business Confidence Index slipping to a 14 month low at the same time as the NAB Business Conditions Index recorded the biggest one month improvement ever. The Consumer Confidence Index increased and retail sales were stronger than expected. The unemployment rate remained at 6.2%. The Brent crude oil price fell 18.6%, posting the biggest monthly drop since December 2008. The price fell sharply after OPEC announced late in the month that it would be maintaining current production levels. The benchmark iron ore price also fell 10.4% as demand from China remained weak. While both these developments will impact producers, the lower oil price should provide a boost to consumer finances globally if prices remain at these levels. The Reserve Bank of Australia (RBA) left the cash rate unchanged at 2.5% and the Australian dollar ended the month down 3 cents at USD0.85.

The better performing sectors during the month were the defensively-related telecommunications (up 1.2%), healthcare (up 1.2%) and REITs (0.0%). Energy (down 13.1%) was the worst performing sector, followed by consumer staples (down 8.1%) and materials (down 5.6%).

In terms of company news, Harvey Norman (down 1.5%) finally embarked on a capital management initiative by announcing a 14c special dividend. This will be largely funded via a deeply (36%) discounted 1 for 22 renounceable entitlement issue which reduces their \$659m franking balance by 10%. While we would have preferred this special dividend to be 100% funded from cash/debt, the Board's preference is to retain a strong balance sheet. The company also held their AGM and confirmed that the positive sales momentum has continued in this current financial year. The housing cycle remains a positive trend, particularly in NSW which is the company's largest exposure.

The Trust benefitted from being underweight the consumer staples sector with Woolworths falling 13.6% in response to lacklustre first quarter sales and Wesfarmers down 5.5%.

The energy sector was generally weaker due to the declining oil price. While the Trust benefitted from not holding Santos (down 21.7%), it was held back by Origin Energy (down 14.2%) and Woodside (down 10.9%). The latter remains our highest conviction holding of the two and we have a preference for Woodside over Santos given Woodside's stronger balance sheet and superior dividend yield.

Myer (down 16.5%) underperformed as it announced first quarter sales that were weaker than expected albeit it noted that momentum had improved over the quarter as it heads into the all-important Christmas trading period. Orica (down 11.7%) was impacted by sentiment towards commodity-exposed stocks despite delivering an inline result and announcing the sale of its Chemicals business.

In terms of Trust activity, we reduced holdings in companies including Lend Lease, Orora, Resmed and Westfield Group, largely on valuation grounds due to recent outperformance.

*Source: Perennial. Volatility measured as the standard deviation of monthly returns annualised.

Top 10 Holdings

Stock name	Trust weight %	Index weight %
BHP Billiton Limited	8.4	7.4
Westpac Banking Corp	8.1	7.5
National Aust. Bank	7.5	5.7
Telstra Corporation.	5.6	5.3
Commonwealth Bank.	5.2	9.7
ANZ Banking Grp Ltd	5.1	6.5
Woodside Petroleum	3.3	1.9
Rio Tinto Limited	3.0	1.9
QBE Insurance Group	2.6	1.1
ResMed Inc.	2.5	0.3

Asset Allocation

Sector	Trust weight %	Index weight %
Energy	5.2	5.3
Materials	21.0	15.4
Industrials	4.8	7.2
Consumer Discretionary	8.9	4.3
Consumer Staples	2.3	7.6
Health Care	4.6	5.7
Financials-x-Real Estate	34.7	38.3
Real Estate	5.4	7.7
Information Technology	0.2	1.0
Telecommunication Services	5.7	5.8
Utilities	1.7	1.8
Other	5.4	-

Rounding accounts for small +/- from 100%.

Signatory of:



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