

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception <sup>^</sup>
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Shares for Income Trust*	0.4	4.7	18.6	16.0	6.9	12.2	7.6
S&P/ASX 300 Accumulation Index	1.0	6.6	16.8	17.5	7.3	10.8	6.4
<b>Value Added (Detracted)</b>	<b>-0.6</b>	<b>-1.9</b>	<b>1.8</b>	<b>-1.5</b>	<b>-0.4</b>	<b>1.4</b>	<b>1.2</b>
Capital Growth	0.3	3.4	13.1	6.4	-0.3	5.2	1.1
Income Distribution	0.0	1.0	4.7	8.7	6.4	6.1	5.7
Net Performance <sup>^^</sup>	0.3	4.4	17.8	15.1	6.1	11.3	6.8

\*Gross Performance. ^Since inception: December 2005. ^^This refers to the Trust's gross performance net of investment management fees. Past performance is not a reliable indicator of future performance.

## Perennial Value Shares for Income Trust

The Trust aims to provide investors with an attractive level of tax effective income, paid via quarterly distributions. The Trust aims to provide a dividend yield, adjusted for applicable franking credits and before fees, above that provided by the S&P/ASX 300 Accumulation Index<sup>#</sup>.

### Portfolio manager

Stephen Bruce

### Risk profile

High

### Trust FUM

AUD \$37 million

### Distribution frequency

Quarterly

### Team FUM

AUD \$6.9 billion

### Minimum initial investment

\$25,000

### Trust inception date

December 2005

### APIR code

IOF0078AU

### Contact Us

invest@perennial.net.au

1300 730 032

www.perennial.net.au

<sup>#</sup>Gross dividend yield.

- ▶ Over the 12 months to April 2017, the Trust has delivered a pre-tax distribution yield (i.e. including franking credits) of 11.3%.
- ▶ Since inception in December 2005, the Trust has delivered a pre-tax distribution yield of 7.7% per annum.
- ▶ The Trust has delivered a healthy total return of 16.0% for the last 12 months.

## Trust characteristics

In line with the objective, the Perennial Value Shares for Income Trust (the Trust) continues to invest in a portfolio of financially sound companies which demonstrates superior dividend yield characteristics to the overall stock market.

## Market Review

Global markets were mixed, with the S&P500 (up 0.9%) and Nikkei 225 (up 1.5%) rising, while the FTSE100 (down 1.6%) and Shanghai Composite (down 2.1%) declined. Commodity prices were generally softer, with iron ore (down 16.0%), oil (down 7.0%), copper (down 4.0%) and thermal coal (down 1.0%) all falling. Coking coal (up 62.0%) was the exception, rallying as a result of supply disruptions from the recent cyclones and gold also rising by 2.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month down one cent at 75 US cents.

During April, the better performing sectors included industrials (up 4.1%), information technology (up 3.5%), healthcare (up 3.4%), utilities (up 3.1%), REITs (up 2.6%) and financials (up 1.9%). Telecommunications (down 9.5%) was the worst performing sector, with consumer staples (down 2.5%), metals & mining (down 2.0%) and energy (down 0.6%) also lagging.

## Trust Review

The best performing stock in the portfolio was Iluka Resources (up 10.2%), which rallied after providing positive commentary at their annual general meeting, indicating a clear improvement in conditions in the mineral sands market. Henderson Group (up 5.8%) rallied as the British Pound strengthened, following the upgrading of UK gross domestic product forecasts and the calling of an early election. This was perceived to improve the likely outcome of Brexit negotiations. The company also provided a trading update in which they reported that funds flows had improved. Other strong performers included Crown Resorts (up 5.8%), Boral (up 5.5%) and Orica (up 5.3%). Suncorp (up 4.5%) rallied on continuing evidence of improvement in premium pricing. This follows a prolonged period of intense price competition in the industry.

Stocks which detracted from performance included Vocus Group (down 20.6%), which is currently grappling with integration issues following a number of recent mergers. While these have had a negative impact on current earnings, the company should be well-placed to grow over the medium term. Other stocks which detracted from performance included, Platinum Asset Management (down 9.2%), Wesfarmers (down 4.6%) and BHP (down 1.3%).

## Trust activity

During the month, we exited our holding in Harvey Norman. While the stock has been delivering solid earnings and dividends in recent times, the outlook is likely to become more difficult going forward as the housing construction cycle peaks and new competitors such as Amazon establish themselves in the market. Proceeds were used to establish a position in Henderson Group. This UK-based funds management company is undergoing a transformative merger with US-based Janus Capital, with the combined entity to have significantly enhanced scale and distribution footprint as well as geographic and product diversification. At month end, stock numbers were 25 and cash was 4.8%.

## Outlook

The Trust continues to exhibit Perennial Value's true to label value characteristics, 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 and have the ability to deliver high levels of franked dividend income to investors. Further, we believe the current very low interest rates highlight the relative attractiveness of financially-sound, high dividend yielding equities.**

Top 10 Holdings		
Stock name	Trust weight %	Index weight %
Commonwealth Bank	9.3	9.4
Westpac Banking Corporation	8.3	7.3
ANZ Banking Group Limited	7.5	6.0
National Australia Bank	6.9	5.7
BHP Billiton Limited	5.7	4.7
Macquarie Group Limited	4.2	2.0
Suncorp Group Limited	4.2	1.1
Event Hospitality	4.2	0.0
AMP Limited	4.1	1.0
Telstra Corporation	4.0	3.1

Asset Allocation		
Sector	Trust weight %	Index weight %
Energy	6.0	4.2
Materials	13.1	15.4
Industrials	0.0	6.9
Consumer Discretionary	7.8	5.0
Consumer Staples	3.8	7.0
Health Care	0.0	7.0
Financials-x-Real Estate	51.4	38.4
Real Estate	4.2	8.5
Information Technology	0.0	1.4
Telecommunication Services	6.0	3.6
Utilities	2.8	2.7
Cash & Other	4.8	-

Rounding accounts for small +/- from 100%.

Signatory of:



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on Perennial's website [www.perennial.net.au](http://www.perennial.net.au).