

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Wealth Defender Australian Shares Trust*	-0.4	10.9	13.5	-	-	-	11.8
S&P/ASX 300 Accumulation Index	-0.1	10.3	12.9	-	-	-	11.3
Value Added (Detracted)	-0.3	0.6	0.6	-	-	-	0.5
Net Performance	-0.3	10.7	13.1	-	-	-	11.4

*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 31/03/15):

AUD30.6 million

Income distribution frequency:

Half yearly

Team FUM (as at 31/03/15):

AUD8.1 billion

Trust redemption price (as at 31/03/15):

\$1.0971

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

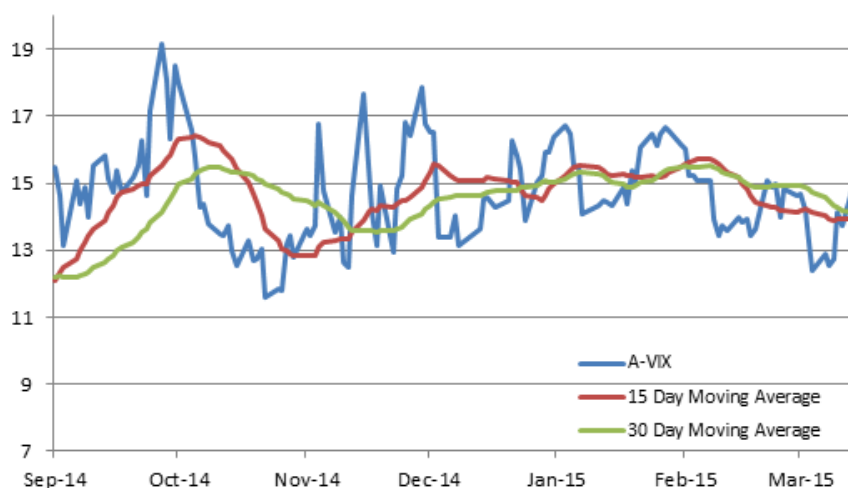
*Trust FUM is equivalent to the net asset value of the Trust. It is the value of the assets less the liabilities of the Trust, as calculated in accordance with the terms of the Trust's constitution.

- ▶ The Trust slightly underperformed the benchmark in March.
- ▶ The underlying protection strategy detracted by 27 basis points in a flat market.
- ▶ The best performing sectors during the month were IT (up 3.7%), Health Care (up 2.4%), and Financials (up 2.0%).

The Australian equities market ended the month where it started, with the benchmark S&P/ASX300 Accumulation Index finishing roughly flat for the month. The Trust was down 0.4%, slightly underperforming the benchmark.

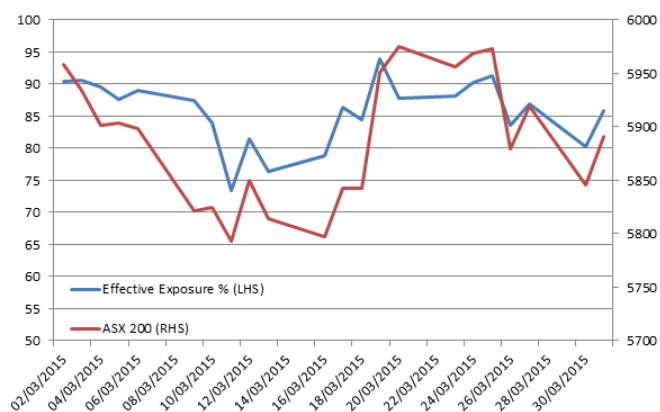
Since inception the Trust is 0.5% ahead of benchmark delivering 11.8% versus the S&P/ASX 300 Accumulation Index return of 11.3%. In a very strong market year to date we are pleased that investors have enjoyed above market returns, all the time knowing they have a structure in place to make the experience a less difficult one if markets fall unexpectedly. Remember, we are not here to 'time' markets, but more to carry protection in a consistent fashion and as cost efficiently as possible.

The A-VIX index, commonly known as the "fear gauge" or "volatility index", has been stable around 14% in March as the market traded sideways. We can see in the chart below, volatility is still a little elevated. This should be no surprise to anyone as there is still a lot going on around the world, particularly the potential for rate rises in the US, rate reductions in Australia, and quantitative easing in Europe.



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

In March the protection overlay once again proved itself to be a proactive defensive layer on top of a stock portfolio. As we can see from the effective exposure chart overleaf, the portfolio had its exposure dialled up and down dynamically, along with the market. This differs from other products in the market that seek to manage equity risk, which can experience a reaction time-lag, or not enough upside participation in a market rally. By having various protection positions that change dynamically as markets move, it means we have the right exposure to risk as the market moves, that is, not after it's too late. This is a benefit in both up and down markets.



Source: Perennial.

With the market rally seeming to be slowing at the time of writing, we have a structure in place to mitigate a 15% fall in equity markets by up to 62%. That is, in an overnight fall of 15%, we expect that the Trust should fall by approximately 6%. This is slightly more protection than we would normally carry indicating our cautious view at present.*

In terms of the markets overall, globally, the month of March saw an extension of the trends seen earlier in the year – generally softer data prints for the US, Japan and China, but consistently firmer outcomes for the Euro-zone. Global indices were mixed with the Nikkei (up 2.2%) and Shanghai Composite (up 13.2%) stronger, while the S&P500 (down 1.7%) and FTSE 100 (down 2.5%) ended the month lower. In Australia, the signals remain mixed, with the rotation to non-mining sources of growth still a work in progress. GDP growth underwhelmed early in the month, and retail spending growth remained weak. Employment bounced back and there was a small drop in the unemployment rate. The Reserve Bank left the cash rate steady at the record low of 2.25%, having cut the cash rate in February, but officials still seem open to further rate cuts as needed. The AUD remained steady, closing the month at 76 US cents, with shifting expectations of the timing of the US Fed's first rate hike a key driver.

One of the better performing stocks in the portfolio for the month was Aristocrat Leisure (up 13.3%) after they held an Investor Day which was positively received by the market. The company unveiled several new products for the US market, and highlighted continued growth in the company's recurring revenue base along with improved earnings margins. Other strong performers included Iluka Resources (up 9.8%) reversing prior period underperformance, and Ansell (up 9.5%) which remains positively exposed to growing US and European markets, along with the falling AUD/USD exchange rate. Henderson Group (up 9.3%) continued to rally as the announcement of European quantitative easing channelled global investment flows toward UK and European equities. Brickworks (up 8.5%) also outperformed after releasing a strong first half result.

Stocks which detracted from performance included Myer (down 23.2%) after delivering a disappointing interim result, Bluescope (down 12.7%) on falling steel spreads and Crown (down 11.4%) with the market focused on a recent slowdown in gaming turnover in the Macau market. Resource holdings generally underperformed, with RIO (down 8.8%) and BHP (down 5.4%) on the lower iron ore price.

In terms of portfolio activity, the most significant move was to sell out of Resmed at an average price of \$8.27 during the month. Resmed has been a very strong performer, with the valuation now full in our view. During the month, the Trust participated in a \$500m capital raising by Macquarie Group to fund the acquisition of a US\$4bn aircraft leasing portfolio. The placement price of \$73.50 was well below the month end price of \$76.67.

We also continued to lock in gains from some of the portfolio's strongest performing holdings over the past ten months. These included the key diversified financial holdings, being AMP, QBE, Henderson Group and Macquarie Group and also Lend Lease and Harvey Norman.

Proceeds were reinvested into topping up existing holdings, including Commonwealth Bank, Graincorp and Sandfire Resources.

*This is an expected outcome of an overnight move based on risk modelling. While we expect this to be accurate, it relies on a number of assumptions and is used as a guide only. The actual outcome may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from the expected outcome shown above.

Top 10 Holdings		
Stock name	Trust weight %	Index weight %
Westpac Banking Corp	9.2	8.1
BHP Billiton Limited	8.3	6.6
National Aust. Bank	8.0	6.2
Commonwealth Bank.	6.4	10.0
ANZ Banking Grp Ltd	5.4	6.7
Telstra Corporation.	5.2	5.1
Woodside Petroleum	3.1	1.6
AMP Limited	2.8	1.3
Rio Tinto Limited	2.7	1.6
QBE Insurance Group	2.6	1.2

Asset Allocation		
Sector	Trust weight %	Index weight %
Energy	5.1	4.4
Materials	20.8	14.4
Industrials	4.9	7.3
Consumer Discretionary	10.0	4.3
Consumer Staples	3.6	6.7
Health Care	1.6	6.1
Financials-x-Real Estate	38.1	40.4
Real Estate	3.8	7.7
Information Technology	0.2	1.0
Telecommunication Services	5.4	5.6
Utilities	2.2	2.0
Other	4.3	-

Rounding accounts for small +/- from 100%.

Signatory of:



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