

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Shares for Income Trust*	0.1	-1.9	15.9	15.9	6.3	12.7	7.3
S&P/ASX 300 Accumulation Index	0.2	-1.6	13.8	13.8	6.6	11.6	6.1
Value Added (Detracted)	-0.1	-0.3	2.1	2.1	-0.3	1.1	1.2
Capital Growth	-3.2	-5.4	6.7	6.7	-1.9	5.3	0.5
Income Distribution	3.3	3.3	8.3	8.3	7.4	6.6	5.9
Net Performance ^{^^}	0.1	-2.1	15.0	15.0	5.5	11.9	6.4

*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[#].

Portfolio manager

Stephen Bruce

Risk profile

High

Trust FUM

AUD \$35 million

Distribution frequency

Quarterly

Team FUM

AUD \$6.9 billion

Minimum initial investment

\$25,000

Trust inception date

December 2005

APIR code

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[#]Gross dividend yield.

- ▶ Over the twelve months to June 2017, Perennial Value Shares for Income Trust (the Trust) has delivered a pre-tax distribution yield (i.e. including franking credits) of 10.7%.
- ▶ Since inception in December 2005, the Trust has delivered a pre-tax distribution yield of 7.9% per annum.
- ▶ The Trust has delivered a healthy total return of 15.9% for the 2017 financial year.

Market Review

Global markets were generally stronger in June, with the S&P500 up 0.5%, Nikkei 225 up 1.9% and Shanghai Composite up 2.4%, while the FTSE100 declined 2.8%, following the outcome of the UK election. As widely expected, the US Federal Reserve raised interest rates by 25 basis points, moving the target rate to between 1.00% and 1.25%. Commodity prices were mainly stronger, with iron ore rallying strongly 14.0%, thermal coal up 6.0%, copper up 5.0% and coking coal flat. However, oil sold off 5.0% and gold fell 2.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month up 3.0 cents at 77 US cents.

The S&P/ASX300 Accumulation Index (the Index) returned 0.2% over the month, with the better performing sectors including healthcare (up 6.1%), information technology (up 1.9%), financials (up 1.7%) and consumer discretionary (up 0.9%). Energy (down 6.8%) was the worst performing sector on the fall in the oil price, while REITs (down 4.5%), utilities (down 2.7%), consumer staples (down 2.4%) and telecommunications (down 1.7%) all lagged.

Trust Review

The Trust rose 0.1% for June, resulting in a return for the last twelve months of a very healthy 15.9%.

The best performing stock in the Trust was Vocus Group (up 19.5%), which rallied after receiving a takeover offer of \$3.50 per share from private equity firm, KKR. The Vocus board is currently reviewing the reasonableness of the offer and whether to grant due diligence. In our view, while the company's recent performance has been disappointing, the offer clearly demonstrates the latent value which the market is not currently recognising. Other strong performers included Suncorp (up 7.1%), which is expected to benefit from a strengthening in the insurance premium rate cycle and Janus Henderson Group (up 4.8%) rallied after the completion of the merger and the transfer of its listing from the London to the New York Stock Exchange. Other holdings which outperformed included AMP (up 2.8%), Event Hospitality (up 2.1%), Lendlease (up 2.0%) and Boral (up 1.5%). The Trust also benefited, in a relative sense from its underweight position in REITs and utilities

Stocks which detracted from performance included Woodside Petroleum (down 7.1%), which fell on the declining oil price as well as Crown Resorts (down 5.2%) and Caltex Australia (down 4.4%), which both eased following strong recent performances.

Trust activity

June was fairly quiet in terms of Trust activity, with the only changes being reducing our holdings in Event Hospitality & Entertainment, which is likely to be suffering from weakness in its cinema business and Wesfarmers, where its retail operations are likely to be facing increased headwinds. At month end, stock numbers were 23 and cash was 13.7%.

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.

Asset Allocation

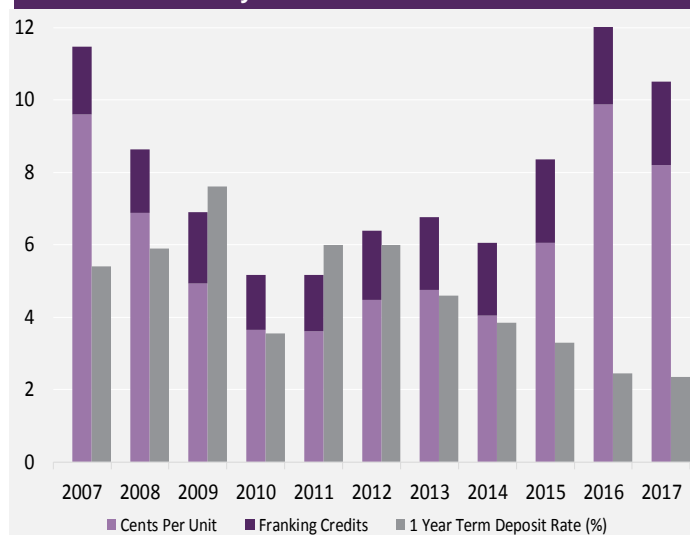
Sector	Trust weight %	Index weight %
Energy	7.3	4.1
Materials	16.7	16.0
Industrials	0.0	7.4
Consumer Discretionary	5.8	5.2
Consumer Staples	2.9	7.1
Health Care	0.0	7.5
Financials-x-Real Estate	43.8	36.9
Real Estate	2.9	8.3
Information Technology	0.0	1.5
Telecommunication Services	6.9	3.8
Utilities	0.0	2.3
Cash & Other	13.7	-

Rounding accounts for small +/- from 100%.

Top 10 Holdings

Stock name	Trust weight %	Index weight %
Commonwealth Bank	7.8	9.3
BHP Billiton Limited	7.3	4.8
Westpac Banking Corporation	6.0	6.6
Macquarie Group Limited	4.9	1.9
Suncorp Group Limited	4.7	1.2
ANZ Banking Group Limited	4.6	5.4
Telstra Corporation	4.3	3.3
Rio Tinto Limited	4.3	1.7
National Australia Bank	4.2	5.1
AMP Limited	4.1	1.0

Distribution History



Distribution shown for full financial years only. Does not take into consideration your personal tax situation. 1 Year Term Deposit Rate sourced from RBA as at last day of previous financial year. Past performance is not a reliable indicator of future performance.

Signatory of:



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