

11 July 2014

Perennial Value's evolution in managing Australian shares

The Perennial Value Wealth Defender Australian Shares Trust (the Trust) represents the evolution of Perennial Value's long only Australian equities capabilities and provides a truly unique investment opportunity that targets the full S&P/ASX 300 Accumulation Index.

John Murray, Managing Director of Perennial Value, said, "The Perennial Value team has for some time been analysing ways to help investors benefit from the upside of an investment in Australian equities, while more efficiently and cost effectively cushioning the impact of larger market falls."

"While market falls and volatility are not new concepts for equity investors, the GFC and the years since have again highlighted the substantial risk to capital when equity markets fall significantly. We have designed a product that addresses some of the fundamental concerns which investors have had, in particular, how to avoid the consequences of sharp market falls. We believe that our risk adjusted approach is a game changer for a broad range of Australian equities investors from accumulators through to retirees. For example, this product could be an attractive option for those investors who have been cautiously sitting on significant cash allocations waiting for the right vehicle to re-enter the equity market. Our product offers investors the opportunity to access the long term gains that the Australian equities market has historically offered, combined with dynamic portfolio protection through equity derivatives," Mr Murray added.

The Trust provides investors with an actively managed, bottom-up, Australian equities portfolio comprised of large and small cap companies and uses equity derivatives and cash to dynamically cushion the portfolio through market cycles, thereby reducing the magnitude of significant negative returns as they occur.

The combination of Perennial Value's considerable active investment management expertise and dynamic portfolio protection strategies adds a new dimension to Perennial Value's capacity to manage Australian share portfolios and assist investors to achieve their wealth creation objectives. The dynamic portfolio protection strategies are managed by Perennial Value's Dan Bosscher. Dan heads a risk management team with over 30 years specialist experience in this area.

Brian Thomas, Head of Retail Funds and Strategy, said "Dan Bosscher's significant experience and expertise allows Perennial Value to assist retail investors and their advisers to access substantially more flexible and effective risk management strategies than those traditionally offered. Most importantly, Perennial Value's approach can provide meaningful capital protection in falling markets at a lower cost than has been traditionally been the case – something investors have been looking for and Perennial Value has now delivered."

"By actively managing the allocation between equities, derivative protection and cash throughout the market cycles, the Trust aims to enhance the long term performance outcomes by reducing the magnitude of significant losses when markets fall and maximising returns when markets rally," Mr. Murray concluded.

Perennial Value's "Wealth Defender" capability has been available to institutional investors since 2013 and is now available to retail investors.

For further information please contact Helen Waite on (61 2) 8274 2725 or via email on hwaite@perennial.net.au or visit www.perennial.net.au/wealthdefender.

Background information

Perennial Value

Perennial Value Management Limited (Perennial Value) is one of Australia's leading active Australian equities investment management firms. Established in 2000, Perennial Value currently invests \$8.2 billion (as at 30 June 2014) on behalf of institutional and retail clients in Australia and offshore.

Since inception, Perennial Value has successfully anticipated and met the needs of investors by selectively introducing new capabilities that deliver investors consistent results. We currently offer four Australian Share investment capabilities, Perennial Value Australian Shares Trust, Perennial Value Shares for Income Trust, Perennial Value Smaller Companies Trust and Perennial Value Australian Shares Wealth Defender.

Perennial Value's mainstream Australian Equities portfolio invests in high quality large cap companies and for the year to 30 June 2014 has delivered a gross return of 20.4%, outperforming the S&P/ASX 300 Accumulation Index return of 17.3% by 3.1%.

Key to Perennial Value's success in consistently meeting the needs of investors through both product design and investment results has been our relentless focus on our core business principles, including:

- Putting investors' needs first.
- Aligning the interests of the investment professionals and investors through personal investments in Perennial Value's products and equity ownership in the Perennial Value businesses.
- Rigidly sticking to the discipline of only buying good businesses for good value.
- A strong focus on in-depth, proprietary research before investing in a company.

Dan Bosscher – Portfolio Manager

B. Com, LLB (Hons)

Dan joined Perennial Value in 2012 after 15 years at UBS Investment Bank where he held the position of Managing Director - Head UBS Fundamental Investment Group. He managed a seven person team investing as a multi strategy hedge fund in the Australian market. His responsibilities included the overall risk management of the portfolio using various derivative structures. The strategies employed by the fund included long/short, risk arbitrage, quantitative, convertible bond arbitrage and derivative overlay. He was Portfolio Manager for the Australian Long/Short component for several years during which he built a very strong performance track record.

Prior to this, Dan held a number of roles with UBS including Co-Head Equity Trading and Derivatives. Prior to this management role, Dan was a registered Derivative market maker on both the ASX Equity option and SFE Futures floors.

Dan holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from Bond University.

Perennial Value Wealth Defender Australian Shares Trust

Investment objective

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 summary

APIR Code	IOF0228AU
Inception date	May 2014
Minimum investment amount	\$25,000
Risk/return profile	High
Income distribution	Half yearly
Minimum recommended investment period	5 years
Investment management fee % p.a.	0.98
Performance fee	Yes
Buy/sell spread %	0.60
Unit pricing, applications and redemptions	Daily