

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception*
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Australian Shares Trust*	-5.6	-5.9	9.1	9.1	18.1	9.6	11.5
S&P/ASX 300 Accumulation Index	-5.3	-6.5	5.6	5.6	14.7	9.4	8.1
<b>Value Added (Detracted)</b>	<b>-0.3</b>	<b>0.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>0.2</b>	<b>3.4</b>
Net Performance	-5.7	-6.1	8.2	8.2	17.1	8.7	10.6

\*Gross Performance. ^Since inception: March 2000. Past performance is not a reliable indicator of future performance.

## Perennial Value Australian Shares Trust

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

### Trust manager:

John Murray

### Risk profile:

High

### Trust FUM (as at 30 June 2015):

AUD1.5 billion

### Income distribution frequency:

Half yearly

### Team FUM (as at 30 June 2015):

AUD8.1 billion

### Minimum initial investment:

\$25,000

### Trust inception date:

March 2000

### APIR code:

IOF0200AU

- ▶ **Globally, the month was dominated by events in Greece.**
- ▶ **The best performing stock in the Trust was Sandfire Resources.**
- ▶ **In a more defensive environment, the better performing sectors were Telcos (down 1.3%) and REITs.**

The Australian equity market sold off in June driven lower by concerns over the Greek financial situation, with the S&P/ASX300 Accumulation Index (the Index) ending the month down 5.3%. The Perennial Value Australian Shares Trust (the Trust) was down 5.6%, underperforming the Index by 0.3%.

For FY15, the Trust delivered a return of 9.1%, approximately 3.5% ahead of the Index return of 5.6%. This marks the Trust's third consecutive financial year of delivering in excess of 300 basis points outperformance.

Globally, the month was dominated by events in Greece. Equity markets slumped as uncertainty about Greece's membership of the currency union escalated as it edged towards default. Major markets declined, with the S&P500 (down 2.1%), FTSE (down 6.6%), Nikkei (down 1.6%) and the Shanghai Composite (down 7.3%), all finishing the month lower. US economic data continues to be positive, supported by stronger labour market and manufacturing indicators as well as a continued improvement in homebuilder sentiment. In China, the People's Bank of China reduced its 2015 GDP growth forecasts marginally to 7.0% and cut the benchmark 1 year lending and deposit rates by 0.25% and the banks' reserve requirement ratio by 0.5% in attempt to stimulate growth.

In Australia, the domestic data flow was mixed. Even with strong Q1 nominal GDP growth (up 2.3%), overall nominal growth was still only up 1.2% year on year. Employment in May grew at the strongest rate since April 2011, causing the unemployment rate to fall to a better than expected 6.0%. Business confidence lifted following the popular investment measures announced in the federal budget. Consumer confidence, however, remains fragile and retail sales growth also was consequently weak. The housing market remained strong and the Reserve Bank of Australia left the cash rate steady at 2.0%, with the Australian Dollar closing the month flat at 77 US cents.

In a more defensive environment, the better performing sectors were Telcos (down 1.3%) and REITs (down 4.0%). Financials (down 2.9%) also outperformed, with stronger relative performance from the major banks. The more cyclical sectors underperformed, with Consumer Discretionary (down 10.9%) the worst performing sector, followed by Resources (down 9.7%) and Industrials (down 7.8%).

The best performing stock in the Trust for the month was Sandfire Resources (up 7.7%) following promising drilling results adjacent to its existing copper mine in Western Australia. Other strong performers included Macquarie Group (down 0.4%) and Telstra (down 1.3%) as investors sought its defensive characteristics. Asciano (down 1.6%) also outperformed. During the month, the company hosted a tour of its Port Botany operations which highlighted the efficiency gains being made from its new automated container handling systems. Asciano is one of the Trust's largest active positions. Other stocks which outperformed included the major banks which recovered, in a relative sense, post their recent sell-offs, as well as Aristocrat Leisure (down 1.9%), Stockland (down 2.8%) and Orica (down 2.8%).

The worst performing stock was Flight Centre (down 26.7%) which fell sharply after warning that profit would come in at the lower end of its previous guidance. In our view this is an overreaction. Flight Centre is a quality business with strong management and a net cash position of around \$500 million. At the month end price of \$34.11, the stock is trading on a FY16 P/E of 13.3x and offering a gross yield of 6.5%. Importantly, this dividend is underpinned by the very strong balance sheet and is based on a conservative payout ratio of only 60% of NPAT. Other stocks which underperformed in the risk-off environment included Fairfax (down 20.9%) on no news, Myer (down 18.3%) despite announcing a debt refinancing and BlueScope Steel (down 14.5%). Resource

holdings including South 32 (down 18.3%), AWE (down 15.4%), Iluka Resources (down 14.7%), Origin Energy (down 10.1%), BHP (down 8.6%) and Rio Tinto (down 7.6%), also underperformed.

During the month we continued to take profits in stocks which had performed strongly in recent times including Henderson Group, Harvey Norman and QBE. Proceeds were reinvested into a number of existing holdings including AGL, CIMIC Group, Origin Energy and Orica.

At month end, stock numbers were 46 and cash was 3.3%.

#### Top 10 Holdings

Stock name	Trust weight %	Index weight %
National Aust. Bank	7.8	6.2
Westpac Banking Corp	7.8	7.1
Commonwealth Bank.	7.4	9.8
BHP Billiton Limited	7.2	6.1
Telstra Corporation.	6.2	5.3
ANZ Banking Grp Ltd	6.2	6.3
Macquarie Group Ltd	3.3	1.9
QBE Insurance Group	2.9	1.3
AMP Limited	2.8	1.3
Woodside Petroleum	2.7	1.7

#### Asset Allocation

Sector	Trust weight %	Index weight %
Energy	5.6	5.1
Materials	20.2	14.8
Industrials	4.1	7.2
Consumer Discretionary	9.7	4.3
Consumer Staples	4.8	6.5
Health Care	0.7	6.0
Financials-x-Real Estate	39.3	39.2
Real Estate	3.7	7.9
Information Technology	0.0	1.0
Telecommunication Services	6.2	5.9
Utilities	2.4	2.0
Other	3.3	-

Rounding accounts for small +/- from 100%.

For all other enquiries please contact us on 1300 730 032  
or visit [www.perennial.net.au](http://www.perennial.net.au).

Signatory of:



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