

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Shares for Income Trust*	0.3	11.5	16.2	17.2	19.2	11.5	8.7
S&P/ASX 300 Accumulation Index	0.0	10.3	12.9	13.9	15.3	8.3	6.8
Value Added (Deducted)	0.3	1.2	3.3	3.3	3.9	3.2	1.9
Capital Growth	-0.6	10.4	11.1	11.6	13.1	5.7	2.5
Income Distribution	0.8	0.9	4.4	4.6	5.2	5.0	5.4
Net Performance ^{^^}	0.2	11.3	15.5	16.2	18.3	10.7	7.9

*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, which the Trust aims to pay 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 (as at 31 March 2015):

AUD78.9 million

Income distribution frequency:

Quarterly

Team FUM (as at 31 March 2015):

AUD8.1 billion

Minimum initial investment:

\$25,000

Trust inception date:

December 2005

APIR code:

IOF0078AU

*Gross dividend yield.

- ▶ **The Trust delivered a return of 0.3% outperforming the benchmark by 0.3%.**
- ▶ **The better performing sectors during the month were IT (up 3.7%), Health Care (up 2.4%), Financials (up 2.0%) and Industrials (up 1.8%).**
- ▶ **The best performing stock in the portfolio for the month was Aristocrat Leisure (up 13.3%), Iluka Resources (up 9.8%) and JB Hi-Fi (up 6.8%).**

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 demonstrate superior dividend yield characteristics to the overall stock market.

Portfolio Activity

During the month, we continued to lock in profits in stocks which had performed strongly in recent times. These included Scentre Group, Stockland, Suncorp and Telstra. We also reduced our holding in Orica in response to increased uncertainty around the operating environment.

Proceeds were used to establish a position in Flight Centre. This is the leading travel business in Australia, servicing both the leisure and corporate markets. In addition, it has large and rapidly growing international operations, in particular in the UK and US. The business is benefitting from positive demand drivers such as the growth in low-cost airlines and increasing international travel and has a track record of strong earnings growth. This is underpinned by a very strong balance sheet with net cash of \$429m. At our entry price of \$40.32, the stock was trading on a FY16 P/E of 14.8x and offering a gross yield of 5.4%.

At month end, stock numbers were 27 and cash was 7.7%.

Stock and Portfolio Performance

The Australian equities market ended the month where it started, with the benchmark S&P/ASX300 Accumulation Index finishing flat for the month. The Trust delivered a return of 0.3% outperforming the benchmark by 0.3%. Pleasingly, on a financial year-to-date basis the Trust continues to perform strongly, up 16.2%, some 3.3% ahead of the S&P/ASX300 Accumulation Index return of 12.9%.

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 Australian dollar (AUD) remained steady, closing the month at 76 US cents, with shifting expectations of the timing of the Fed's first rate hike a key driver.

The better performing sectors during the month were IT (up 3.7%) and Health Care (up 2.4%), Financials (up 2.0%) and Industrials (up 1.8%). Resources underperformed, with Metals and Mining (down 6.4%) the worst performing sector followed by Energy (down 5.7%) and Materials (down 4.5%). REITs (down 2.0%) also underperformed.

The best performing stock 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 JB Hi-Fi (up

6.8%). 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.

Stocks which detracted from performance were predominantly our resource holdings on the back of lower commodity prices, with Rio Tinto (down 8.8%), Origin Energy (down 7.4%) and BHP (down 5.4%).

Market Outlook

The market's strength over recent times highlights the continued relative attractiveness of equities in the current low interest rate environment.

Top 10 Holdings		
Stock name	Trust weight %	Index weight %
Westpac Banking Corp	9.5	8.1
National Aust. Bank	9.3	6.2
ANZ Banking Grp Ltd	9.1	6.7
BHP Billiton Limited	7.6	6.6
Telstra Corporation.	6.9	5.1
Commonwealth Bank.	5.8	10.0
Woodside Petroleum	4.7	1.6
AMP Limited	4.2	1.3
Macquarie Group Ltd	3.3	1.7
Aristocrat Leisure	3.0	0.3

Asset Allocation		
Sector	Trust weight %	Index weight %
Energy	6.1	4.4
Materials	13.3	14.4
Industrials	0.8	7.3
Consumer Discretionary	10.1	4.3
Consumer Staples	1.9	6.7
Health Care	0.0	6.1
Financials-x-Real Estate	46.3	40.4
Real Estate	4.9	7.7
Information Technology	0.0	1.0
Telecommunication Services	6.9	5.6
Utilities	2.0	2.0
Other	7.7	-

Rounding accounts for small +/- from 100%.

For all other enquiries please contact us on 1300 730 032
or visit www.perennial.net.au.

Signatory of:



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