

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception [^]
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Shares for Income Trust*	-1.4	6.6	14.7	13.8	18.3	11.1	8.5
S&P/ASX 300 Accumulation Index	-1.6	5.1	11.1	10.2	14.2	8.3	6.5
Value Added (Detracted)	0.2	1.5	3.6	3.7	4.2	2.8	1.9
Capital Growth	-1.5	5.5	9.5	8.4	12.2	5.3	2.3
Income Distribution	0.0	0.9	4.4	4.5	5.2	4.9	5.3
Net Performance ^{^^}	-1.5	6.4	13.8	12.9	17.4	10.2	7.6

*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 30 April 2015):

AUD77.0 million

Income distribution frequency:

Quarterly

Team FUM (as at 30 April 2015):

AUD8.0 billion

Minimum initial investment:

\$25,000

Trust inception date:

December 2005

APIR code:

IOF0078AU

*Gross dividend yield.

- ▶ **Globally, economic news over the month was generally subdued, tending to come in below market expectations.**
- ▶ **In Australia, the Reserve Bank surprised markets early in the month by leaving the cash rate steady.**
- ▶ **The market's strength over recent times highlights the continued relative attractiveness of equities in the current low interest rate environment.**

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 demonstrates superior dividend yield characteristics to the overall stock market.

Portfolio Activity

During the month, we established a position in Asciano. The company is involved in logistics, operating container ports on the east coast of Australia as well as rail haulage operations moving general freight, coal and grain. The business is coming to the end of a multi-year period of major capital investment and restructuring which will yield significant cost savings and operational efficiencies. These benefits, combined with declining capital expenditure, will see strong free cash generation going forward and the potential for increased dividend payments to shareholders. At our entry price of \$6.68, the stock was trading on a FY16 P/E of 13.0 times and offering a gross yield of 6.6%.

At month end, stock numbers were 28 and cash was 4.7%.

Stock and Portfolio Performance

The Australian equity market gave back some of its recent gains, with the benchmark S&P/ASX300 Accumulation Index (the Index) finishing the month down 1.6%. The Trust was down 1.4%, outperforming the Index by 0.2%. Pleasingly, on a financial year-to-date basis the Trust continues to perform strongly, up 14.7%, some 3.6% ahead of the Index return of 11.1%.

Globally, economic news over the month was generally subdued, tending to come in below market expectations. In the US, payrolls grew less than expected and other data was generally weak as was also the case in China and Japan. However, the standout on the upside was again Europe, where consumer confidence continued to grow strongly, helped by easier monetary policy. Despite this, global indices were generally positive with the FTSE100 (up 2.7%), Nikkei 225 (up 1.6%) and S&P 500 (up 0.9%) all stronger. The Shanghai Composite (up 15.8%) and Hang Seng Index (up 13.0%) rose, driven by strong Chinese retail investor flows into equity markets.

In Australia, the Reserve Bank surprised markets early in the month by leaving the cash rate steady. The Australian data released during April generally has been solid. Retail sales bounced, thanks partly to lower petrol prices, employment was much firmer than expected (driving down the jobless rate to 6.1%), and business confidence also improved (although consumer surveys remained unimpressive). All the while, the housing markets in Sydney and Melbourne continued to strengthen, fuelled by lower interest rates and rising offshore demand. Iron ore and oil prices rose strongly over the month. The Australian dollar (AUD) closed the month at \$0.79 US dollar (USD), up 3 cents over the month, with shifting expectations of the timing of the US Federal Reserve's first rate hike a key driver.

The better performing sectors during the month were Energy (up 8.5%), Metals and Mining (up 2.4%) and Utilities (up 2.2%). Sectors which underperformed included Financials (down 4.7%), Health Care (down 3.9%), REITs (down 1.0%) and Telcos (down 0.9%).

The best performing stock in the Trust for the month was Origin Energy (up 12.6%) on the back of the recovery in the oil price. Other strong performers included tourism related stocks Flight Centre (up 9.5%) and Amalgamated Holdings (up 6.5%), as well as insurer QBE (up 5.1%) and electronic retailer JB Hi-fi (up 4.9%).

Stocks which detracted from performance included the major banks, down an average of 6.0%, which declined on concerns over regulatory change. Other stocks which underperformed included Iluka Resources (down 4.0%), Lend Lease (down 3.5%) and Suncorp (down 2.9%).

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	9.1	7.6
National Aust. Bank	9.1	5.9
ANZ Banking Grp Ltd	8.7	6.3
BHP Billiton Limited	8.0	6.9
Telstra Corporation.	7.0	5.1
Commonwealth Bank.	5.6	9.7
Woodside Petroleum	4.9	1.7
AMP Limited	4.3	1.3
Macquarie Group Ltd	3.5	1.7
Aristocrat Leisure	3.0	0.3

Asset Allocation		
Sector	Trust weight %	Index weight %
Energy	6.5	5.1
Materials	13.8	14.8
Industrials	2.9	7.5
Consumer Discretionary	10.7	4.5
Consumer Staples	1.9	6.8
Health Care	0.0	6.0
Financials-x-Real Estate	45.5	39.0
Real Estate	5.0	7.7
Information Technology	0.0	1.0
Telecommunication Services	7.0	5.7
Utilities	2.0	2.0
Other	4.7	-

Rounding accounts for small +/- from 100%.

For all other enquiries please contact us on 1300 730 032
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