

Perennial Value Australian Shares Trust

Monthly Report as 30 November 2012

	1 Month %	3 Months %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.	Since Inception [^] % p.a.
Perennial Value Australian Shares Trust*	1.4	6.8	13.9	12.5	0.5	-1.4	10.7
S&P/ASX 300 Accumulation Index	0.4	5.6	12.4	14.2	2.9	-2.9	7.2
Value Added (Detracted)	1.0	1.2	1.5	-1.7	-2.4	1.5	3.4
Net Performance	1.3	6.6	13.5	11.6	-0.4	-2.3	9.9

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

- The Trust outperformed the Index return by 1.0%.
- Domestic economic data was positive, with unemployment levels steady at 5.4% and consumer sentiment improving.
- A number of cyclical stocks outperformed, including Fletcher Building (up 12.2%), Boral (up 12.0%) and BlueScope Steel (up 11.6%).

The Perennial Value Australian Shares Trust (the Trust) performed strongly over the month finishing up 1.4%, outperforming the S&P/ASX300 Accumulation Index (the Index) return of 0.4% by 1.0%. The Australian equities market continued its recent strong run in posting a sixth consecutive monthly gain.

Global equity markets mainly focused on President Obama's re-election and the US fiscal cliff, with the S&P500 finishing the month up 0.3%. The FTSE finished up 1.5% and the mood in Japan was even more positive, with the Nikkei 225 gaining 5.8% on expectations of further monetary easing by the Bank of Japan. China revealed its new generation of leaders and the economy showed signs of strengthening. However, the Shanghai Composite finished down 4.3%.

Domestic economic data was positive with unemployment levels steady at 5.4% and consumer sentiment improving, with September retail sales up 0.5% month on month. The Reserve Bank of Australia kept cash rates steady at 3.25% and the Australian dollar finished 0.5 cents higher at AUD1.043.

The major bank reporting season wrapped up in November, with ANZ, NAB and Westpac delivering their FY12 results. While operating conditions remain challenging, with subdued credit growth and ongoing margin pressures, the major banks remain well capitalised and positioned to continue to deliver attractive dividend yields. ANZ, NAB and Westpac increased their full year dividend per share payments by 4%, 5% and 6% respectively. This follows the 4% increase in full year dividends from CBA. The sector remains good value, trading on a sector average FY13 P/E of 11.1x and an average FY13 gross yield of 9.6%. The Trust retains a moderate overweight in this sector.

Perennial Value Australian Shares Trust Facts:

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

Trust FUM

(as at 30/11/12):

AUD1.7 billion

Team FUM

(as at 30/11/12):

AUD7.9 billion

Trust Inception date:

March 2000

Risk Profile:

High

Income Distribution

Frequency:

Half yearly

Minimum Initial

Investment:

\$25,000

APIR code: IOF0200AU

The better performing sectors during November were healthcare (up 6.1%), telecommunications (up 3.8%) and consumer discretionary (up 3.4%). Energy (down 2.7%), resources (down 1.5%) and REITS (down 1.3%) underperformed.

In the September commentary, we highlighted the importance of holding a meaningful exposure to companies that should be able to grow their earnings organically in the absence of any cyclical pick up in global economies. A number of these stocks performed strongly during the month. Aristocrat Leisure (up 15.6%) rallied after its FY12 results were ahead of expectations due to strong improvements across all major geographic regions and strong new product pipeline. Crown (up 5.5%) outperformed as its annual general meeting highlighted solid growth in gaming revenues. This stock offers relatively defensive earnings combined with a long term

growth path driven by investment in expansion domestically and internationally. Readers will recall that Crown was added to the Trust in June. This had the effect of increasing the Trust's 'organic growth' tilt and the share price has since risen consistently (up around 17%) since then. Telstra (up 4.1%) is trading at multi year highs as its mobile business goes from strength to strength, while the competitors flounder primarily due to poor network coverage.

A number of cyclical stocks also performed well, including Fletcher Building (up 12.2%), Boral (up 12.0%), BlueScope Steel (up 11.6%) and Myer (up 11.0%). Fletcher Building and Boral both outperformed on the back of optimism that the housing construction cycle would improve in 2013 as a result of interest rate cuts and government incentives. Both companies also have improving dynamics in their businesses outside Australia.

The Trust also benefited from not holding top 20 stocks QBE Insurance Group (down 17.0%), Origin Energy (down 3.3%) and Santos (down 3.2%).

Stocks which detracted from performance included smaller resource holdings Iluka (down 17.0%) and Aurora (down 7.2%). FKP (down 12.4%) continues to be weak despite recently announced asset sales. We believe that there is significant value in this stock waiting to be released. This should principally come from a restructuring of the retirement living business, which we expect to occur in 2013.

During the month, we trimmed our holdings in Aristocrat, Boral, BlueScope Steel, Fairfax, Fletcher Building, Telstra and Myer. Proceeds were reinvested into existing holdings including NAB, Worley and Orica, with the latter showing remarkable resilience in the current environment - we believe is poised to benefit from a recovery in resource activity. Worley, a global engineering firm specialising in the oil and gas sector, was introduced into the Trust in October. It has a strong competitive position, is well managed and a successful track record through several cycles. We believe it also demonstrates sound organic growth prospects.

At month end, stock numbers stood at 46 with cash at 1.5%.

Top 10 Holdings as at 30 November 2012

Stock	Trust Weight %	Index Weight %
ANZ Banking Grp Ltd	8.0%	6.0%
Commonwealth Bank.	7.7%	8.7%
BHP Billiton Limited	7.2%	10.0%
National Aust. Bank	7.2%	5.0%
Telstra Corporation.	7.1%	4.8%
Westpac Banking Corp	6.5%	7.1%
Rio Tinto Limited	3.7%	2.3%
Woodside Petroleum	3.5%	1.9%
Macquarie Group Ltd	3.2%	1.0%
Brambles Limited	2.9%	1.0%

Asset Allocation as at 30 November 2012

Asset Class	Trust Weight %	Index Weight %
Energy	6.1%	6.5%
Materials	25.6%	21.4%
Industrials	4.2%	6.7%
Consumer Discretionary	9.7%	3.7%
Consumer Staples	4.3%	8.6%
Health Care	0.0%	4.5%
Financials-x-Real Estate	37.4%	33.7%
Real Estate	3.8%	7.3%
Information Technology	0.0%	0.7%
Telecommunication Services	7.1%	5.1%
Utilities	0.4%	1.8%
Other	1.5%	-

Signatory of:



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