Perennial Value Shares for Income Trust

Monthly Report as at 30 April 2013

	1 Month %	3 Months %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.	Since Inception^ % p.a.
Perennial Value Shares for Income Trust*	5.6	10.3	39.9	33.4	10.9	6.5	7.7
S&P/ASX 300 Accumulation Index	4.3	7.3	30.8	22.7	7.0	2.9	5.6
Value Added (Detracted)	**1.3**	**3.0**	**9.1**	**10.7**	**3.9**	**3.6**	**2.1**
Capital Growth	5.5	9.0	33.3	25.5	4.8	0.2	1.3
Income Distribution	0.0	1.1	5.7	6.9	5.3	5.4	5.6
Net Performance^^	5.5	10.1	39.0	32.4	10.0	5.6	6.9

*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.**

- The Trust delivered a return of 5.6% for the month, outperforming the Index return by 1.3%.
- Harvey Norman and Premier Investments were the only holdings to pay ordinary dividends.
- During the month, Westfield Group and GPT were added to the Trust.

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.

Dividend Activity

April was a quiet period for dividends, with Harvey Norman and Premier Investments being the only holdings to pay ordinary dividends during the month. Woodside, however, announced a special dividend as well as an increase in the payout ratio to 80% for the next few years. Woodside is a significant Trust holding and we view this move positively as it demonstrates management's recognition of the importance of balancing the need to reward shareholders with cash returns along with the need to invest for future growth.

Trust Activity

During the month, we added Westfield Group and GPT to the Trust. Both are financially sound, possess high quality property portfolios and should deliver a relatively stable earnings profile. Westfield Group also has a strong pipeline of development opportunities domestically and offshore. At around 5%, the gross yields on these stocks are not particularly high in the context of the Australian market. However, they compare favourably with the yields on REITs globally. As a result, we may well see strong demand for these stocks from international REIT investors seeking higher returns. These positions were funded by reducing holdings in stocks which had outperformed strongly, including Harvey Norman, Fletcher Building, Boral and Toll Holdings as well as reducing our holding in BHP.

At month end, stock numbers stood at 31 with cash at 3.7%.

Perennial Value Shares for Income Trust Facts:

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 30/04/13): AUD74.3 million	**Income Distribution Frequency:** Quarterly
Team FUM (as at 30/04/13): AUD8.2 billion	**Minimum Initial Investment:** $25,000
Trust Inception date: December 2005	**APIR code:** IOF0078AU

*Gross dividend yield

Stock and Trust Performance

The S&P/ASX300 Accumulation Index (the Index) delivered a strong return of 4.3% for the month. The better performing sectors during April were those offering a combination of defensive earnings and higher dividend yields, with telecommunications (up 10.6%), financials (up 8.6%), REITs (up 8.2%) and consumer staples (up 7.1%) all outperforming. Resources continued to underperform, with metals and mining (down 5.3%) the worst performing sector, followed by materials (down 4.4%) and energy (down 1.7%).

The Trust delivered a return of 5.6% for the month, outperforming the Index return by 1.3%. The Trust has now delivered a return of 33.4% for the past 12 months, outperforming the Index return of 22.7% by 10.8%. Notwithstanding the income focus, it is pleasing that the Trust has been able to outperform the Index over a period of strong overall market returns.

Japan led the global market rally once again, with the Nikkei 225 up 11.8% as the Japanese market continued to benefit from the recently announced monetary policy measures as well as the resulting weaker yen. Other gains were more modest, with the S&P500 up 1.8% and the FTSE up 0.3%. The Shanghai Composite was the exception, closing down 2.6% as Chinese first quarter GDP came in slightly weaker than expected. Gold sold off heavily during the month, falling below $1400 per ounce for the first time since early 2011. It recovered some of its losses later in the month but finished down 7.6%.

Domestic economic data was mixed as residential building approvals and retail sales were solid while the unemployment rate moved 0.2% higher to 5.6% - which was still not a bad outcome. Inflation for the March quarter was soft, providing the Reserve Bank of Australia (RBA) with scope to cut interest rates if required. The RBA kept the official cash rate steady at 3.0% and the Australian dollar finished the month a little lower at USD1.037.

The best performing stock in the Trust was ANZ (up 11.6%) after delivering a solid first half result showing modest revenue growth, good cost control and, importantly, that credit conditions remain benign. Significantly for yield investors, the bank increased its dividend by 11% from 66 to 73 cents per share and indicated that it would target a slightly higher payout ratio going forward. The result was taken as boding well for the performance of the rest of the sector and the other major banks all performed strongly, with NAB (up 10.2%), WBC (up 9.9%) and CBA (up 8.0%) all outperforming the Index. Our holding in Bendigo and Adelaide Bank also performed well (up 7.7%).

Retail stocks continued their very strong run on the back of improving retail conditions, with Harvey Norman (up 11.5%) and Myer Holdings (up 8.8%), while Premier Investments (up 3.2%) lagged slightly. These three stocks represent a successful contrarian investment by the Trust. Based on their share prices 12 months ago, the FY13 gross yield on offer was 6.0% for Harvey Norman, 11.6% for Myer Holdings and 9.8% for Premier investments. These stocks have subsequently returned 53%, 45% and 68% respectively over the past 12 months. Given this outperformance, we have moved to take profits in these names.

Other strong performers included Telstra (up 10.4%) after it was revealed that the Coalition's NBN plans would be at least, if not more, favourable to the company as the current NBN plan, Fletcher Building (up 7.7%), Aristocrat Leisure (up 7.7%), Amcor (up 6.6%) and Woodside Petroleum (up 6.6%).

Stocks which underperformed were again the resource related companies including WorleyParsons (down 7.8%), Orica (down 6.5%), Iluka Resources (down 4.3%) and BHP (down 0.2%).

Outlook

After delivering a strong return of 19.7% in 2012, the market has continued its strong run into the start of 2013, having risen for three of the last four months and being up 12.7% calendar year to date. Despite this positivity in markets, the level of macroeconomic uncertainty remains high and ongoing volatility is likely. Longer-term, however, as economic growth resumes, company profits should grow and dividends paid to shareholders should increase, providing a growing stream of reliable, tax-effective income to investors.

Top 10 Holdings as at 30 April 2013

Stock	Trust Weight %	Index Weight %
ANZ Banking Grp Ltd	8.5%	6.8%
National Aust. Bank	8.3%	6.2%
Westpac Banking Corp	8.2%	8.2%
Telstra Corporation.	8.1%	4.8%
Commonwealth Bank.	5.5%	9.2%
BHP Billiton Limited	4.9%	8.2%
AMP Limited	4.5%	1.2%
ASX Limited	4.4%	0.5%
Woodside Petroleum	3.8%	1.8%
Wesfarmers Limited Partially Protected	3.1%	0.0%

Asset Allocation as at 30 April 2013

Asset Class	Trust Weight %	Index Weight %
Energy	5.3%	5.9%
Materials	13.3%	16.8%
Industrials	3.9%	6.7%
Consumer Discretionary	9.0%	4.2%
Consumer Staples	5.7%	9.0%
Health Care	0.0%	4.3%
Financials-x-Real Estate	45.7%	38.0%
Real Estate	7.5%	7.0%
Information Technology	0.0%	0.7%
Telecommunication Services	8.1%	5.1%
Utilities	0.0%	1.7%
Other	1.6%	-

Rounding accounts for small +/- from 100%.