

Perennial Value Shares Wholesale Trust

Monthly Report as at 31 August 2012

	1 Month %	3 Months %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.	Since Inception [^] % p.a.
Perennial Value Shares Wholesale Trust*	2.6	4.3	6.6	3.0	0.1	-2.1	8.4
S&P/ASX 300 Accumulation Index	2.1	7.0	6.4	5.0	3.1	-3.0	6.3
Value Added (Detracted)	0.5	-2.7	0.2	-2.0	-3.0	0.9	2.1
Capital Growth	2.6	1.9	6.5	-2.6	-4.2	-9.5	-0.7
Income Distribution	0.0	2.2	0.0	4.8	3.5	6.5	8.4
Net Performance	2.6	4.1	6.5	2.2	-0.7	-3.0	7.7

*Gross Performance. ^Since inception: June 2001. Past performance is not a reliable indicator of future performance.

- The Trust outperformed the Index return by 0.5%.
- The best performing stock in the Trust was BlueScope Steel Limited (up 26.4%).
- The better performing sectors included information and technology (up 10.5%), healthcare (up 6.1%) and consumer staples (up 5.9%).

The Perennial Value Shares Wholesale Trust (the Trust) finished the month up 2.6%, outperforming the S&P/ASX300 Accumulation Index (the Index) by 0.5%. The Australian equities market posted its third month of consecutive gain, with the Index up 2.1%.

International markets were also positive with the exception of the Shanghai Composite (down 2.7%) on weak Chinese economic data. The S&P500 was up 2.0% due to better than expected payroll and retail sales data. The FTSE 100 and Nikkei 225 also finished up 1.4% and 1.7%, respectively. Domestic economic data was mixed with residential building approvals falling sharper than expected. However, June retail sales recorded the strongest year on year increase since late 2009 and July housing credit growth grew. The Reserve Bank of Australia left interest rates unchanged at 3.5% and the Australian dollar was weaker, finishing 2.0 cents lower at USD1.03.

The better performing sectors during August were information and technology (up 10.5%), healthcare (up 6.1%) and consumer staples (up 5.9%), while materials (down 1.1%) underperformed.

The best performing stock in the Trust was BlueScope Steel Limited (BlueScope) (up 26.4%) after announcing that it had formed a joint venture with Nippon Steel Corporation for its Asian businesses. This joint venture should accelerate growth in this part of the business and importantly, will deliver \$540 million to BlueScope, which has made the company effectively debt free. Other strong performers included Sims Metal Management Limited (up 9.9%), Myer Holdings Limited (up 8.7%), Macquarie Group Limited (up 7.5%) and ANZ (up 5.4%) which announced a sound third quarter trading update.

Perennial Value Shares Wholesale 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.

Portfolio Manager:

John Murray

Trust FUM

(as at 31/08/2012):

AUD1.5 billion

Team FUM (as at

31/08/2012):

AUD7.4 billion

Trust Inception date:

June 2001

Risk Profile:

High

Income Distribution

Frequency:

Half yearly

Minimum Initial Investment:

\$25,000

APIR code:

IOF0206AU

Ratings: Lonsec Highly Recommended, Zenith Recommended and Van Eyk 'BB'.

Research House Ratings must be read in conjunction with the appropriate disclaimers available at www.perennial.net.au/Ratings_Disclaimers1.pdf

A major focus of the market during August was company reporting season. Despite somewhat dire predictions, 54% of all companies which reported increased their earnings when compared to the prior year. Within this, industrial earnings were somewhat stronger than resource earnings. In turn, reported earnings of cyclicals were generally in line with or better than, the quite low expectations. The share prices of a number of the cyclicals held by the Trust reacted positively, including Toll Holdings Limited (up 15.2%), Aristocrat Leisure Limited (up 14.4%), Henderson Group plc (up 10.0%), Fletcher Building Limited (up 9.8%) and Brambles Limited (up 9.3%).

Stocks which detracted from performance included Fairfax Media Limited (down 20.0%) after delivering a result which was in line with expectations, but indicating a weak outlook. Rio Tinto Limited (down 6.2%) fell on lower commodity prices, in particular iron ore. The Trust continues to remain underweight resources.

In terms of Trust activity, the strong outperformance of the CBA, Telstra Corporation Limited and Tattersalls Group Limited led us to decrease their respective overweight positions. Proceeds were reinvested into rights issues by GrainCorp Limited and FKP Property Group and further selective buying of Wesfarmers Limited. The latter was added to the Trust over the last two months on the basis of the favourable forecast FY13 gross yield of 9.0%.

At month end, stock numbers stood at 46 with cash at 1.7%.

Top 10 Holdings as at 31 August 2012

Stock	Trust Weight %	Index Weight %
ANZ Banking Grp Ltd	8.8%	6.4%
National Aust. Bank	7.5%	5.4%
Commonwealth Bank.	7.5%	8.3%
Westpac Banking Corp	7.1%	7.2%
BHP Billiton Limited	6.8%	9.7%
Telstra Corporation.	6.1%	4.5%
Woodside Petroleum	3.7%	2.0%
Macquarie Group Ltd	3.1%	0.9%
Rio Tinto Limited	3.1%	2.0%
Brambles Limited	2.7%	1.0%

Asset Allocation as at 31 August 2012

Asset Class	Trust Weight %	Index Weight %
Energy	5.3%	6.9%
Materials	23.8%	20.6%
Industrials	4.1%	6.8%
Consumer Discretionary	10.3%	3.6%
Consumer Staples	5.0%	8.8%
Health Care	0.0%	4.3%
Financials-x-Real Estate	38.0%	34.4%
Real Estate	5.1%	7.3%
Information Technology	0.0%	0.7%
Telecommunication Services	6.1%	4.8%
Utilities	0.5%	1.8%
Other	1.8%	-

Rounding accounts for small +/- from 100%.

Signatory of:



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