



Perennial Absolute Return Trust

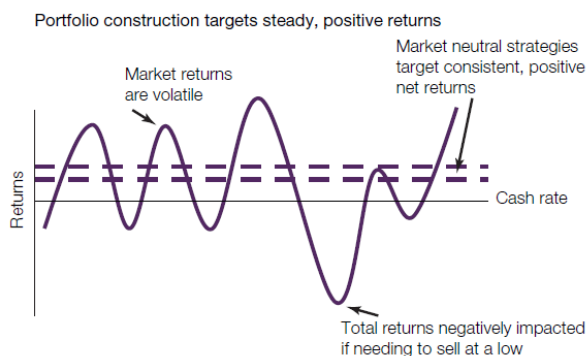
	Month	Quarter	1 year	Since Inception*
	%	%	%	% p.a.
Perennial Absolute Return Trust*	1.5	1.1	9.2	13.5
RBA Cash Rate	0.2	0.6	2.5	2.6
Value Added (Detracted)	1.3	0.5	6.7	10.9
Net Performance	1.3	0.8	7.8	12.1
S&P/ASX 200 Accumulation Index+	2.1	3.1	5.6	6.7

*Gross Performance. Past performance is not a reliable indicator of future performance. Inception date: 15 May 2013. +The S&P/ASX 200 Accumulation Index is shown for illustration purposes only.

About the Trust

The Trust is an actively managed portfolio of long and short positions in listed Australian companies that aims to provide consistent, positive returns above the RBA Cash Rate (the benchmark) through all cycles of the Australian equity market with little or no correlation to that market.

What the Trust aims to deliver



Description of the Trust

The key driver of trust returns lies in its "market neutral" strategy. As the name implies, the trust holds equal amounts (risk adjusted) of long and short positions in order to achieve positive returns irrespective of market direction. In other words, the trust aims to provide positive absolute returns in both up and down markets. This provides a highly liquid investment opportunity, capital preservation and the delivery of long term equity market returns without the market volatility of a long only equity investment.

Key features of the Trust

- ▶ Focus on capital preservation
- ▶ Aim to provide positive absolute returns in both rising and falling equity markets
- ▶ Lower volatility (i.e. risk) than a traditional long only Australian equities investment
- ▶ Liquid investment opportunity with daily pricing

Stock selection process

Perennial Growth uses its proprietary fundamental research and valuation model to identify, screen and value investment opportunities for the Trust. Given the "market neutral" investment approach for the Trust, the portfolio manager uses both the positive and negative views of the broader investment team to construct a portfolio of long and short equity positions.

Risk is further addressed, and mitigated, through employing a pair trade methodology. The strategy aims to match long and short positions in stocks with the same underlying share price driver or within the same industry. In this way the team can express its views at the individual company level, opting to own stocks with strong industry positions, management, balance sheets etc. against a corresponding short where the opposite attributes are present.

Trust statistics

Gross Exposure	187.0%
Net Exposure	3.1%
Volatility (annualised)*	5.3%
Positive Months %*	80.0%
Best Monthly Return*^	4.1%
Worst Monthly Return*#	-1.7%
Sharpe Ratio*	2.1
Maximum months in drawdown*	2

Source: Perennial * Since inception: 15 May 2013

^ July 2013 # October 2014

Trust summary

Inception date	May 2013
Risk/return profile	High
Income distribution	Half yearly
Investment management fee % p.a.	1.00
Performance fee	Yes
Buy/sell spread %	0.60
Unit pricing, applications and redemptions	Daily

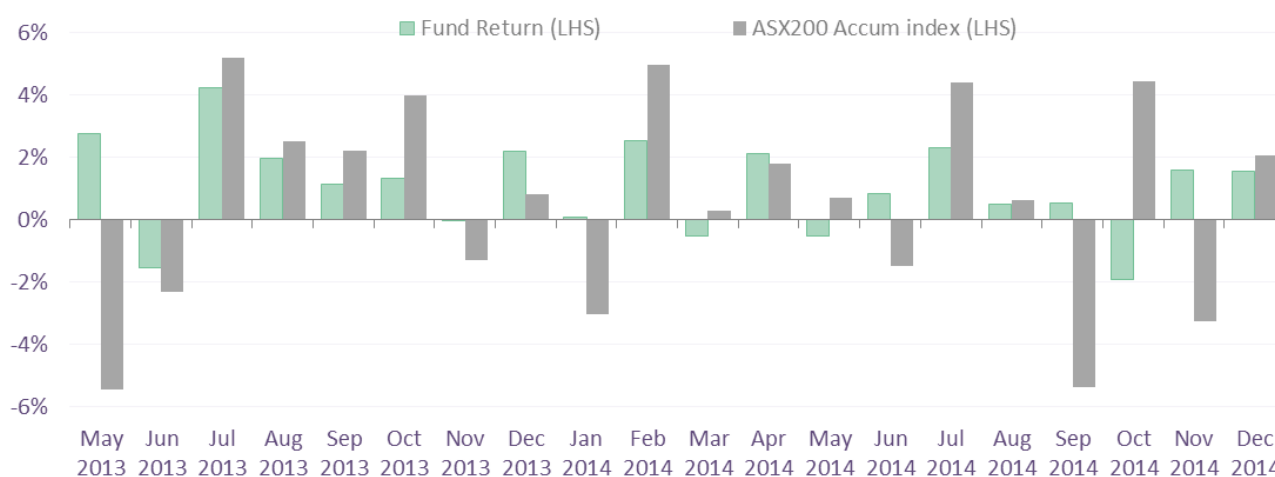
Investment guidelines summary

Number of stocks – minimum/maximum	40 to 80
Number of stocks – long	20 to 40
Number of stocks – short	20 to 40
Value of longs versus value of shorts	+/-10%
Maximum gearing level	400%
Maximum investment in any one stock	10%
Listed ex-benchmark stocks permitted	Yes

David Rosenbloom, Portfolio Manager**Perennial Growth Management****B. Admin, MBA (Finance)**

David Rosenbloom joined Perennial in June 2012 to establish and manage the Perennial Absolute Return Trust. David is a highly experienced professional with over 27 years of management and analytical experience in equity funds management, investment banking, stock broking research and commercial banking. David has extensive experience in both the sell and buy side research coverage of Australian equities and the management of long only Australian equity portfolios and a performance track record.

Prior to joining Perennial in 2012, David was an Executive Director at Wallara Asset Management responsible for stock analysis and portfolio management for institutional clients. During his tenure at Wallara, he was jointly responsible for growth in funds under management from under \$20 million when he joined in 1999 to a peak of nearly \$4.5 billion. Prior to that, he was a Director/Research Analyst with ANZ Securities and BT (Bankers Trust), responsible for the research coverage of large, listed companies in the Tourism and Leisure sector. David holds a Bachelor of Administration from George Washington University and a Master of Business Administration (Finance) from City University of New York.

Gross Fund Performance as at 31 December 2014

Source: Perennial. S&P/ASX 200 Accumulation Index used as reference benchmark.

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