

	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception <sup>^</sup>
	%	%	%	%	% p.a.	% p.a.	% p.a.
Perennial Value Australian Shares Trust*	-0.5	-0.5	-0.5	7.9	6.5	10.8	10.6
S&P/ASX 300 Accumulation Index	0.0	0.8	0.8	9.0	7.1	9.9	7.9
<b>Value Added (Detracted)</b>	<b>-0.5</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-1.1</b>	<b>-0.6</b>	<b>0.9</b>	<b>2.7</b>
Net Performance	-0.6	-0.7	-0.7	7.0	5.6	9.9	9.7

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

### Perennial Value Australian Shares 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.

#### Trust manager

John Murray

#### Risk profile

High

#### Trust FUM

AUD \$1.2 billion

#### Distribution frequency

Half yearly

#### Team FUM

AUD \$5.2 billion

#### Minimum initial investment

\$25,000

#### Trust inception date

March 2000

#### APIR code

IOF0200AU

#### Contact Us

invest@perennial.net.au  
1300 730 032  
www.perennial.net.au

- ▶ **A flat result in September saw the Index up 9.0% over the past twelve months.**
- ▶ **Industrials rose 0.3% driven by healthcare and financials.**
- ▶ **Resources declined 1.2% on weaker commodity prices.**

### Market Review

Global markets were mixed in September, with the S&P500 (up 1.9%) and Nikkei 225 (up 3.6%) up, while the FTSE100 (down 0.8%) and Shanghai Composite (down 0.4%) declined. Commodity prices were generally weaker, with iron ore down 20.0%, coking coal down 9.0% and copper down 4.0%, while oil rose strongly up 10.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month 1 cent lower at 79 US cents.

The S&P/ASX300 Accumulation Index (the Index) finished flat for the month, with healthcare up 2.3%, energy up 1.1%, financials up 1.1% and information technology up 0.6%. This was offset by falls in telecommunications down 4.5%, utilities down 3.6%, metals & mining down 1.9%, consumer staples down 1.9% and materials down 1.4%.

### Trust Review

The Perennial Value Australian Shares Trust (the Trust) delivered solid return of 7.9% for the last twelve months, whilst declining in September by 0.5%.

The better performing stocks in the Trust included Lendlease (up 10.1%), which rose as investors came to appreciate the value in the stock, Clydesdale Bank (up 9.4%), which rallied on expectations of interest rate increases in the UK and Macquarie Group (up 4.7%), which reiterated its full-year guidance which is likely to prove conservative. Other outperformers included Westfield Corp (up 5.5%), Event Hospitality (up 4.7%), Tabcorp (up 3.9%), Boral (up 3.3%) and Janus Henderson (up 1.8%).

Stocks which detracted from performance included Newcrest (down 7.6%), which fell on the weaker gold price, Nufarm (down 7.0%) which fell despite delivering a solid full-year result, Gateway Lifestyle (down 6.2%), Graincorp (down 5.4%), AMP (down 5.3%) and Telstra (down 4.9%). Resource holdings also underperformed on the lower commodity prices, with BHP (down 3.9%) and Rio Tinto (down 1.9%) both easing following their recent strong performance.

## Trust Activity

During the month we reduced our holding in Wesfarmers and Newcrest, with proceeds used to add to our holdings in a number of stocks including Event Hospitality, NewsCorp, Tabcorp, Westfield and Woodside Petroleum. At month end, stock numbers were 38 and cash was 3.8%.

## Outlook

While growth in the domestic economy remains subdued and there remains a high level of political uncertainty, the global growth outlook appears to be incrementally improving. Should this continue, the Trust will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources companies as well as in a range of quality industrial and financial companies which are trading on attractive valuations. This scenario would also see continued upwards pressure on interest rates, which would benefit the Trust through its underweight position in the expensive defensive sectors such as healthcare and REITs and infrastructure.

The Trust continues to exhibit Perennial Value's true to label value characteristics, with the Trust offering better value than the overall market on each of our four valuation characteristics: price to earnings, price to free cash flow, gross dividend yield and price to net tangible assets.

**As always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.**

## Top 10 Holdings

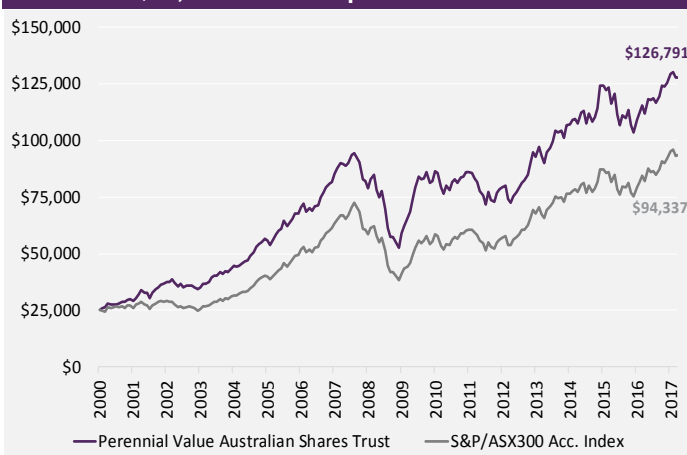
Stock name	Trust weight %	Index weight %
Commonwealth Bank	7.3	8.5
BHP Billiton Limited	7.2	5.4
Westpac Banking Corporation	5.8	7.0
National Australia Bank	4.4	5.5
Caltex Australia	4.3	0.5
ANZ Banking Group Limited	4.2	5.6
Rio Tinto Limited	4.1	1.8
Woodside Petroleum	3.9	1.4
Telstra Corporation	3.8	2.7
Suncorp Group Limited	3.4	1.1

## Asset Allocation

Sector	Trust weight %	Index weight %
Energy	8.1	4.4
Materials	21.8	16.9
Industrials	0.0	7.5
Consumer Discretionary	12.9	5.0
Consumer Staples	4.4	7.2
Health Care	0.4	7.0
Financials-x-Real Estate	37.4	36.7
Real Estate	5.8	8.4
Information Technology	0.0	1.6
Telecommunication Services	5.4	3.1
Utilities	0.0	2.1
Cash & Other	3.8	-

Rounding accounts for small +/- from 100%.

## Growth of \$25,000 since inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Signatory of:



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