

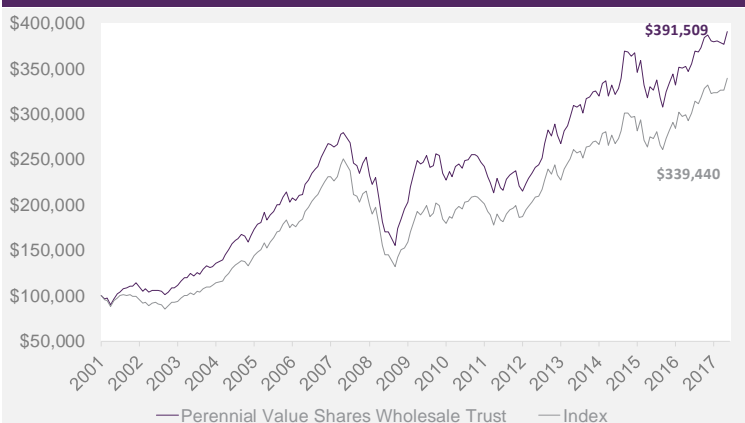
	Month	Quarter	FYTD	1 year	3 years	5 years	Since Inception
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Perennial Value Shares Wholesale Trust*	3.9	3.0	3.4	13.9	6.5	11.1	9.5
S&P/ASX 300 Accumulation Index	4.0	4.8	4.8	15.9	7.0	10.2	7.8
Value Added (Detracted)	-0.1	-1.8	-1.4	-2.0	-0.5	0.9	1.7
Capital Growth	3.8	2.8	3.1	8.8	1.7	6.0	1.6
Income Distribution	0.0	0.0	0.0	3.9	3.9	4.1	7.1
Net Performance	3.8	2.8	3.1	12.8	5.6	10.1	8.7

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

Overview

- ▶ The market roared back to life in October, to finish the month +4.0%, bringing the total return for the last 12 months to a very healthy 15.9%.
- ▶ The rally was broad-based, with industrials, banks and resources sectors all posting positive returns.
- ▶ International markets were also stronger over the month, with generally positive economic data offsetting political instability.

Growth of \$100,000 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.

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	AUD \$1.0 billion
Distribution frequency:	Half yearly
Minimum initial investment	\$25,000
Trust Inception Date	June 2001
Fee	0.92%
APIR code	IOF0206AU

Top 5 Over / Underweight Positions vs Index

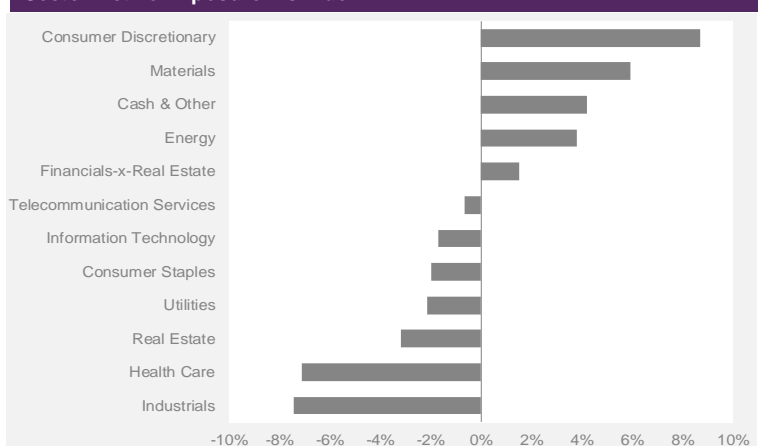


Portfolio Characteristics – FY19

	Trust	Market
Price to Earnings (x)	14.3	15.3
Price to Free Cash flow (x)	11.8	14.0
Gross Yield (%)	6.3	5.8
Price to NTA (x)	1.9	2.2

Source: Perennial Value Management. As at 31 October 2017. The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Sector Active Exposure vs Index



Trust Review

Better performing holdings over the month included Nufarm (+13.4%), which made a strategically-sensible acquisition to bolster its European operations. This company is well-positioned to benefit from the significant consolidation which is currently taking place in the global crop protection industry. Star Entertainment (+9.7%) and Tabcorp (+5.2%) both rallied after indicating that operating conditions were improving and Macquarie Group (+8.2%) rose after delivering a stronger than expected first half profit result. Clydesdale Bank (+5.6%) rose on the expectations of interest rate rises in the UK, which would benefit its earnings and Woodside Petroleum (+5.6%) lifted on the higher oil price. Caltex (+6.7%) rose as questions grow around whether the ACCC will approve the sale of Woolworths' petrol stations to BP. Should this deal be opposed, it would be a significant positive for Caltex which would retain the fuel supply agreement.

The only stock to deliver a negative return was Lendlease (-9.5%), which fell after revealing cost overruns in its construction division. We continue to hold a positive view on this stock, with its large order book and globally diversified operations.

Trust Activity

During the month, we participated in the Nufarm entitlement offer priced at \$7.50, with the stock finishing the month \$9.08. We also increased our holdings in Woolworths and Tabcorp, both stocks where we see improving operational performance. We reduced our holding in Telstra where we see increasing competitive pressures. At month end, stock numbers were 39 and cash was 4.2%.

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, 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.

Market Review - Australia	%	Global, Currency & Commodities	%
S&P/ASX300 Accumulation Index	+4.0	S&P500	+2.2
Energy	+6.4	Nikkei 225	+8.1
Materials	+4.4	FTSE100	+1.6
Industrials	+4.2	Shanghai Composite	+1.3
Consumer Discretionary	+5.4	RBA Cash Rate	1.50
Health Care	+5.5	AUD / USD	-2.3
Financials-x-Real Estate	+3.3	Iron Ore	-5.7
Real Estate	+2.2	Oil	+6.7
Information Technology	+8.4	Gold	-0.6
Telecommunication Services	+2.4	Copper	+4.9
Utilities	+5.0		

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Signatory of:



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