

Finally, a share fund with an airbag



Perennial Value Wealth Defender
Australian Shares Trust

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Perennial Investment Partners

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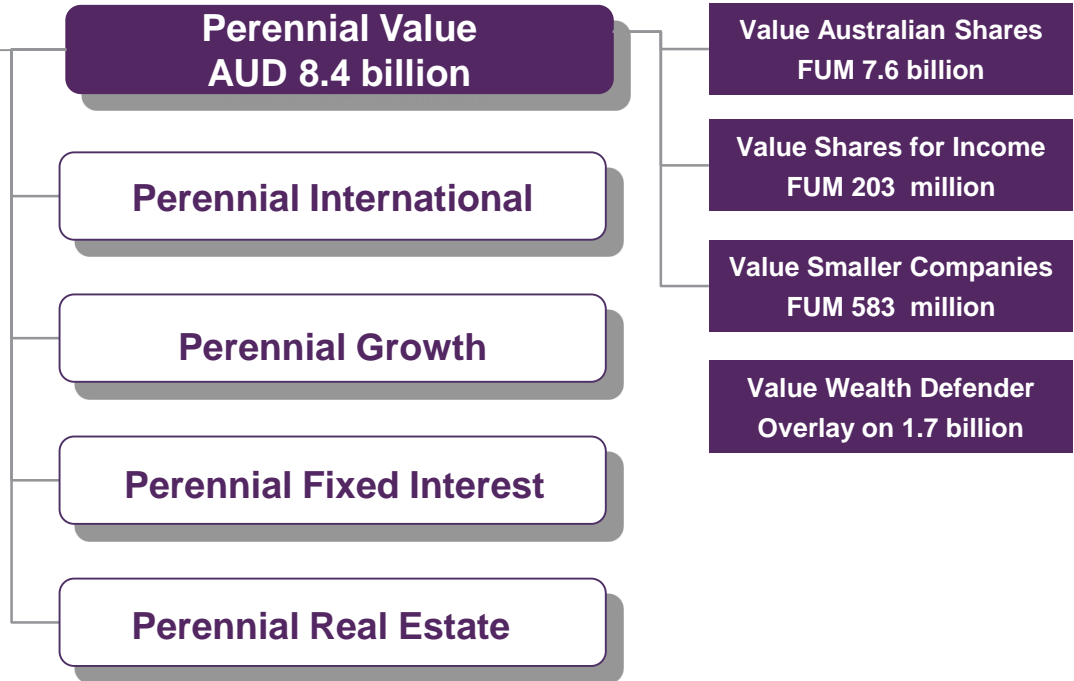
Investments in a Perennial Trust(s) must be accompanied by an application form. The current relevant product disclosure statements, reference guides and application forms can be found on Perennial's website www.perennial.net.au.

About Perennial Value - Overview



AUD 19.2 billion FUM
As at 30 April 2014

Investment Businesses



Focus on making money for our clients

About Perennial Value – The Investment Team



John Murray
Managing Director
Years with PVM: 14
Years in the Industry: 29



Dan Bosscher
Portfolio Manager
Years with PVM: 1
Years in the Industry: 18
Portfolio and Risk Management



Grant Oshry
Senior Small Cap Portfolio Manager/
Analyst
Years with PVM: 10
Years in the Industry: 14
Small Caps



Andrew Smith
Small Cap Portfolio Manager/ Analyst
Years with PVM: 5
Years in the Industry: 13
Small Caps



Tony Oesterheld
Senior Portfolio Manager
Years with PVM: 6
Years in the Industry: 28
Insurance, Building Materials, Misc. Industrials



Stephen Bruce
Portfolio Manager/ Senior Equities
Analyst
Years with PVM: 13
Years in the Industry: 13
Banks, Healthcare, Telcos (large) ,
Agl. Chem., Misc. Industrials



Paul Durham
Senior Equities Analyst
Years with PVM: 13
Years in the Industry: 27
Resources (large) , Steels, Gaming,
Paper and Packaging, Misc. Industrials



Damian Cottier
Senior Analyst/ Research Co-ordinator
Years with PVM: 8
Years in the Industry: 8
Small Caps, Media, LPTs



Sam Berridge
Equities Analyst
Years with PVM: 1
Years in the Industry: 5
Small Caps, Resources (small)



Terry Couper
Analyst
Years with PVM: 6
Years in the Industry: 8
ESG, Transport, Consumer Staples,
Utilities, Diversified Financials, Misc.
Industrials



William Wu
Analyst
Years with PVM: 2
Years in the Industry: 2
Value Screen, Mining Services, Telcos
(small), Contractors, Misc. Industrials

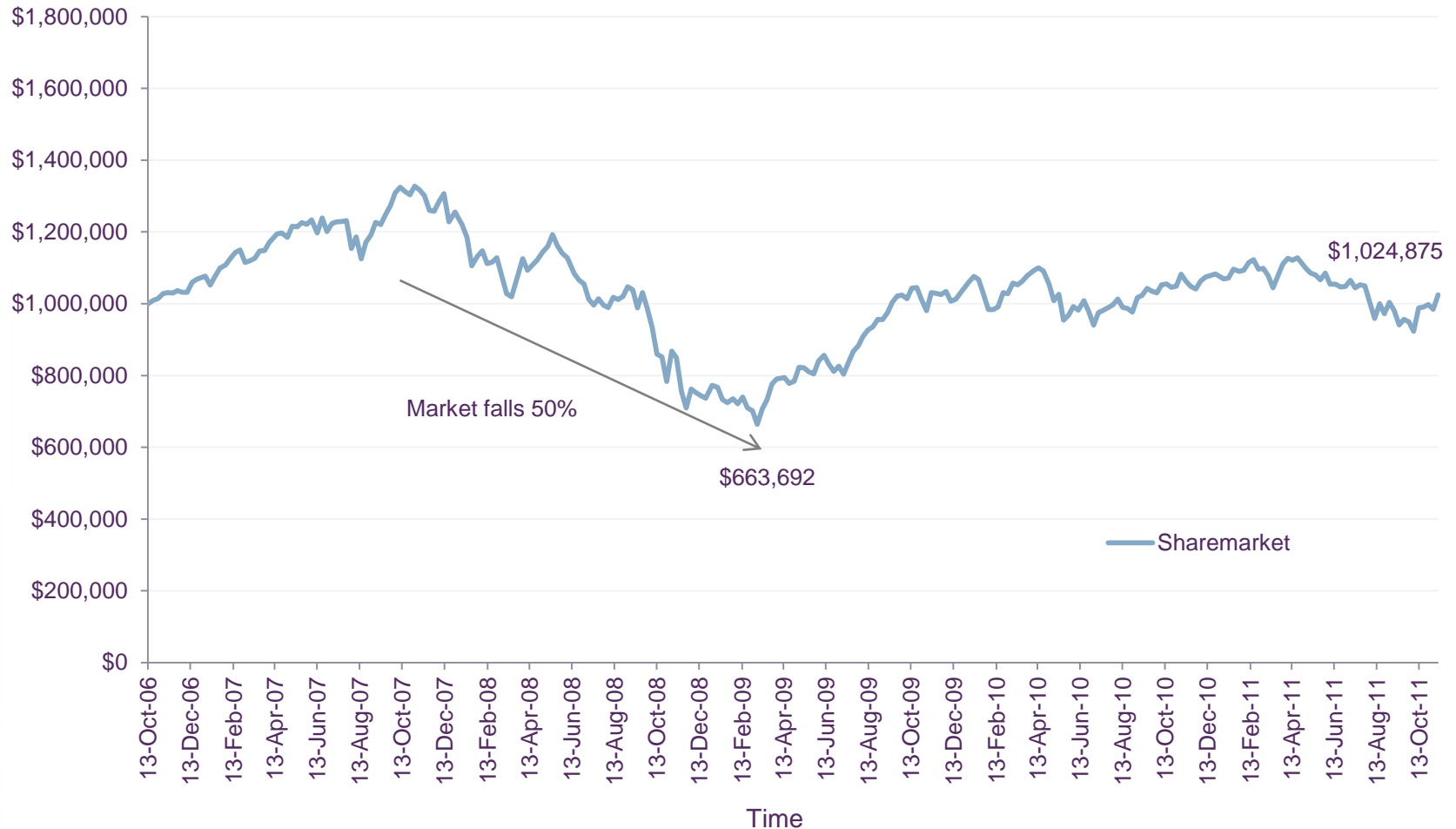


Mike Zhang
Deraivatives Analyst
Years with PVM: <1
Years in the Industry: 5
Derivatives



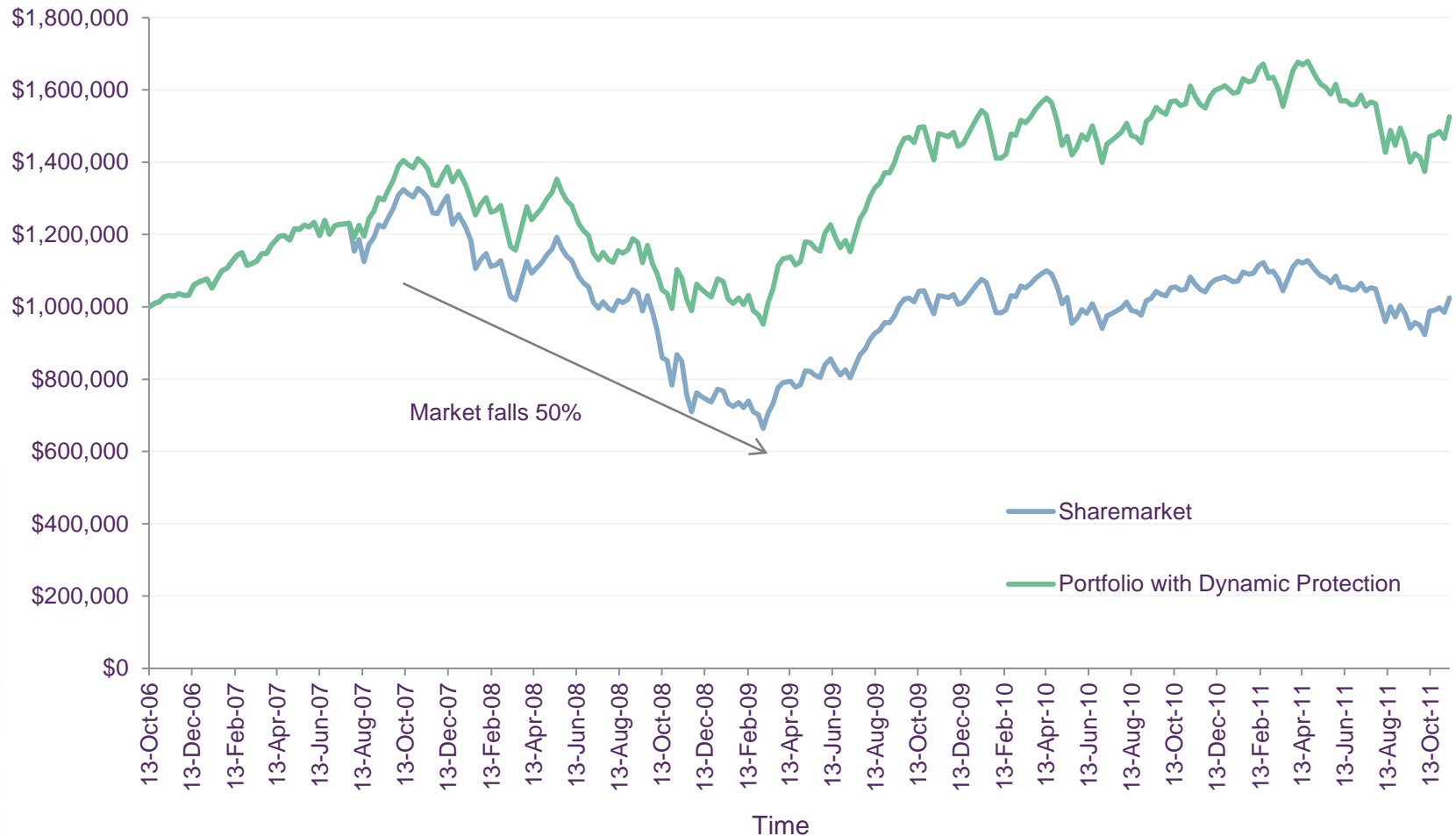
Steven Yee
Dealer
Years with PVM: 4
Years in the Industry: 11
Equities Dealer

The investors' dilemma – Good returns without major drawdowns



Source: Perennial Value. For illustrative purposes only. The protection strategy in place may not protect the portfolio to the same extent. Example is based on S&P/ASX 200 Index returns between 2006 – 2011.

The investors' dilemma – Good returns without major drawdowns



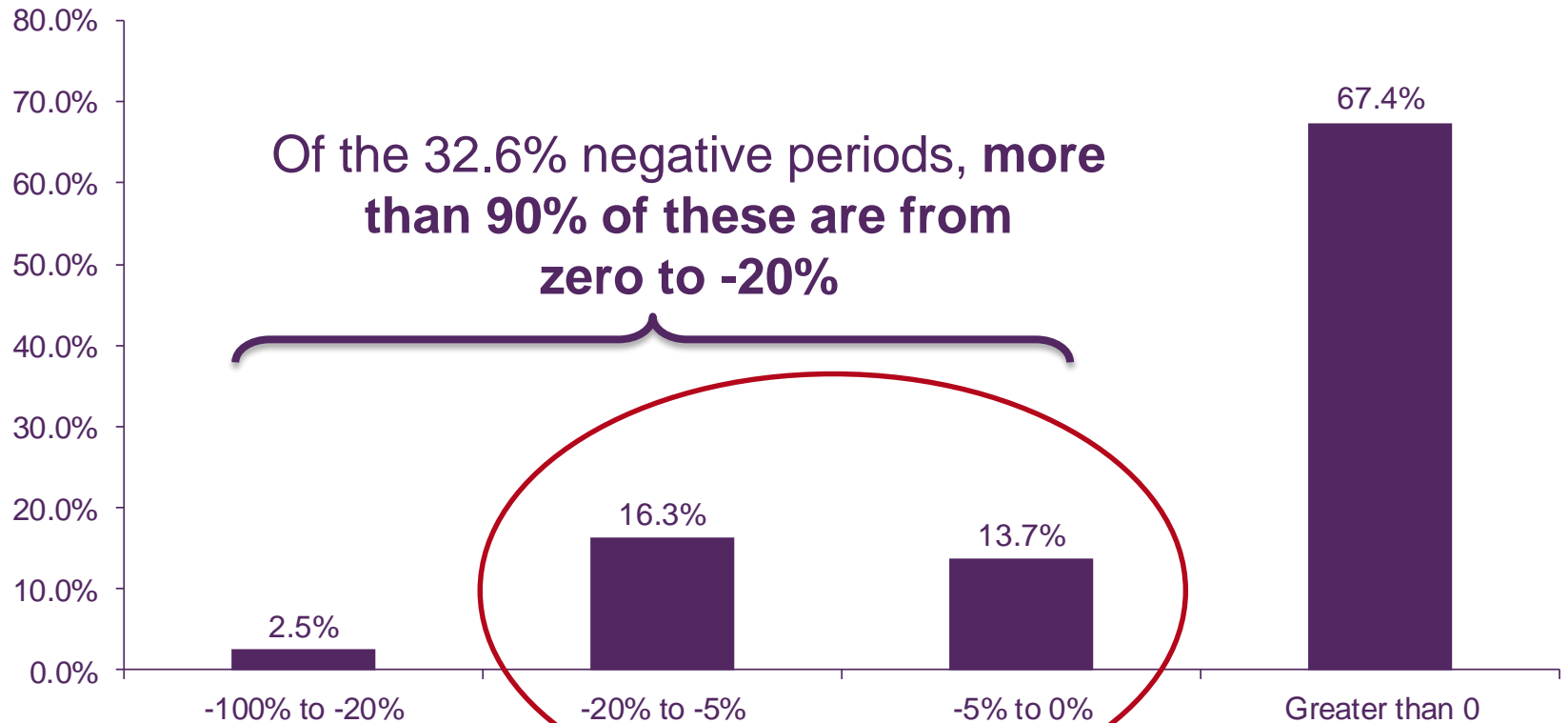
Source: Perennial Value. For illustrative purposes only. The protection strategy in place may not protect the portfolio to the same extent. Example is based on S&P/ASX 200 Index returns between 2006 – 2011.

Objective

The Trust aims to outperform the S&P/ASX 300 Accumulation Index by investing in a diversified portfolio of Australian shares and using protection strategies to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of significant negative returns in falling equity markets.

“Dynamic Protection” - Assessing the real downside potential

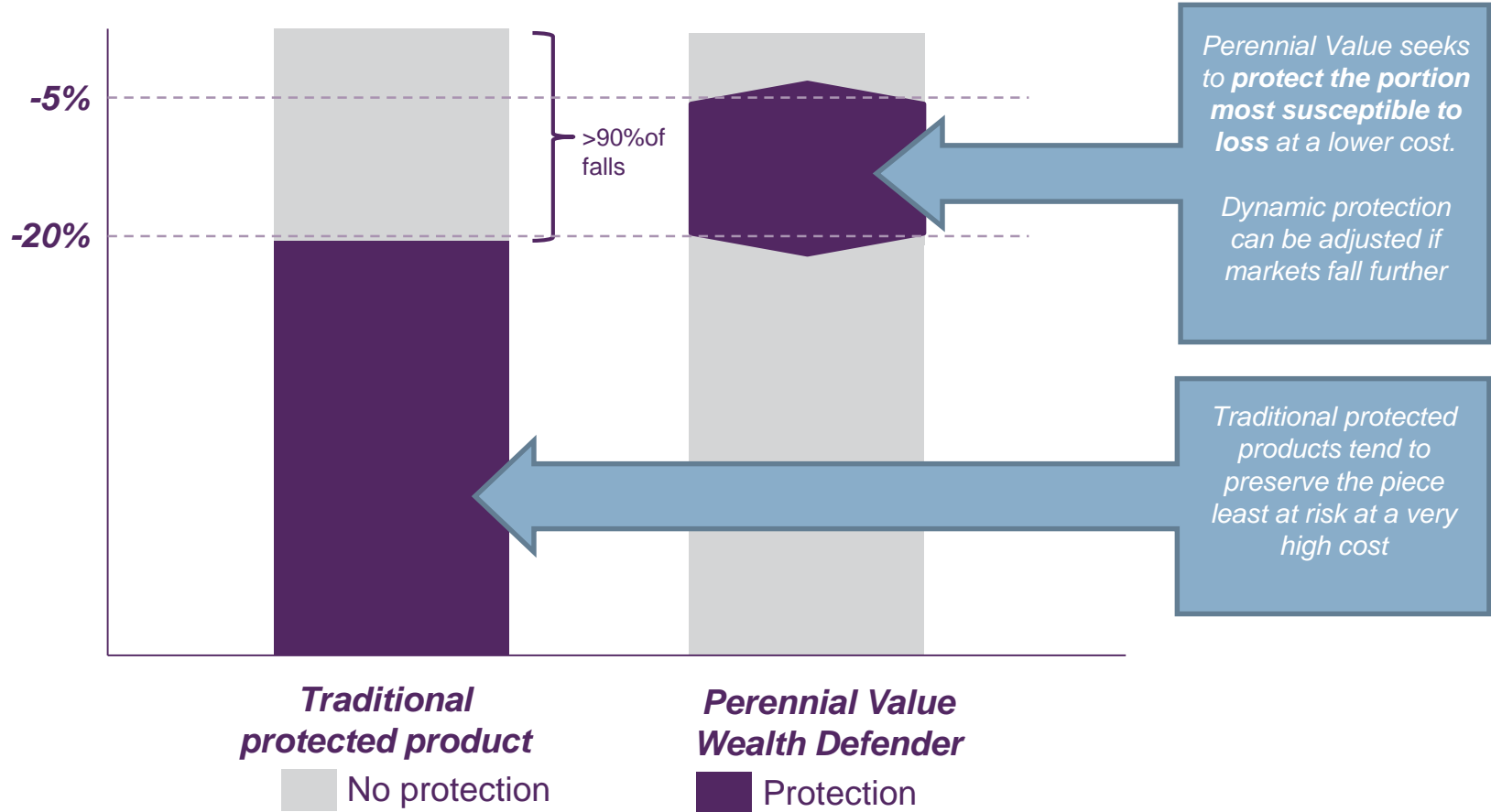
S&P/ASX 200 Accumulation Index 6 monthly rolling returns



Source: Bloomberg.

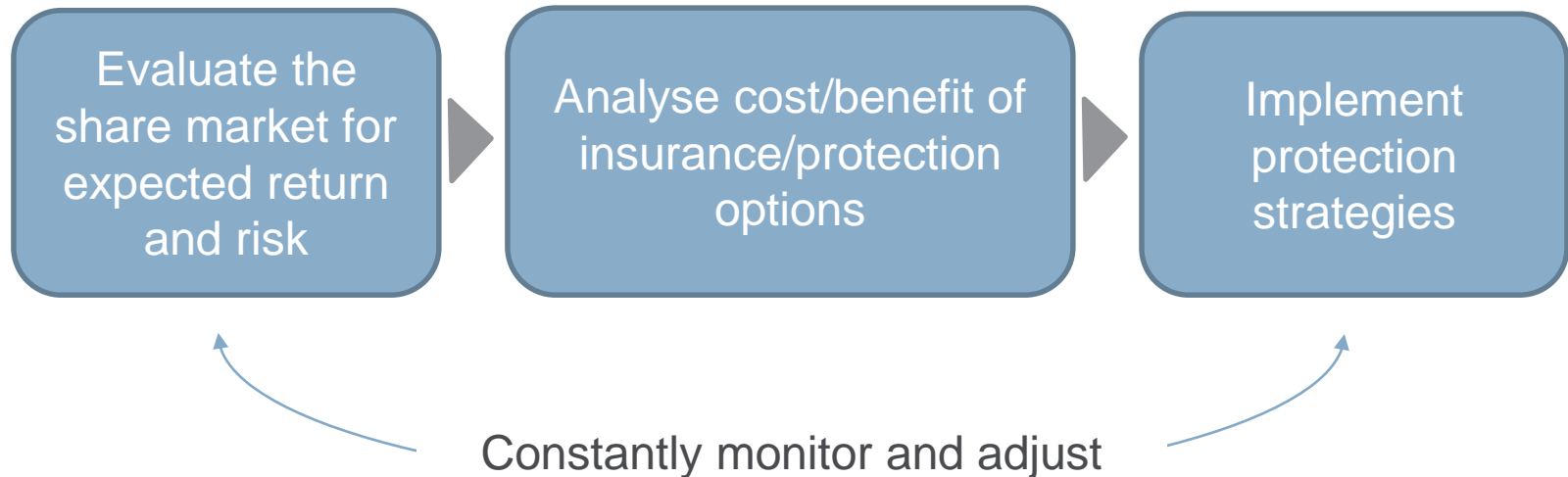
Time period: 20 years (1992 – 2012)

“Dynamic Protection” – Focuses on insuring the likely loss range, unlike CPPI



Note: Perennial Value will employ dynamic protection strategies meaning the level and type of strategy will vary at Perennial Value’s discretion

“Dynamic Protection” – The Process



Protection strategies allow time for Perennial Value to implement physical portfolio changes during times of severe market stress

“Dynamic Protection” – Starts with our Market View



PE > 20	PE < 5
P/FCF > 20	P/FCF < 10
Gross yield < 3%	Gross yield > 5%
P/NTA > 3	P/NTA < 1

PE: Prospective 1 year Forward P/E

“Dynamic Protection” Matrix

Volatility & “Insurance” cost	High	3	High cash (25-50%) Risk off	Moderate Cash (5-30%) Normal risk Low levels of protection	Low cash (0-20%) Low levels of protection
		2	Moderate Cash (15-30%) Average level of protection	Moderate Cash (5-20%) Normal risk Some protection	Low cash (0-15%) Some degree of protection
		1	Low cash (10-20%) Higher level of protection	Low Cash (5-15%) Normal risk Average levels of protection	Low cash (0-10%) Some degree of protection Risk on
			1	2	3
			Bearish	Value	Bullish
			Market View		

NB: Cash weightings are indicative only. Perennial reserves the right to vary these at its discretion

“Dynamic Protection” Indicative Derivatives Approach

Volatility & “Insurance” cost		3	High cash (25-50%) 85/95/105 Put Spread Collar Put time spread	Moderate Cash (5-30%) 80/90/105 Put Spread Collar Put time spread	Low cash (0-20%) Put time spread Lookback or Contingent Put
		2	Moderate Cash (15-30%) 95/85 Put Spread	Moderate Cash (5-20%) 90 Put 80/90 Put Spread	Low cash (0-15%) 80/90 Put Spread Lookback or Contingent Put
		1	Low cash (10-20%) 95% Put Cash + Call	Low Cash (5-15%) 90 Put	Low cash (0-10%) Crash protection 85% Put
			1	2	3
			Bearish	Value	Bullish
Market View					

NB: Cash weightings are indicative only. Perennial reserves the right to vary these at its discretion.

Risk Management - Imagine Software

The screenshot displays the Imagine Trading System interface. The top window, titled 'PVWD - Book', shows a summary of portfolio metrics for 'PVWD in AUD (Live)'. The bottom window, titled 'PVRM3 - Portfolio', shows a detailed list of holdings for 'PVRM3 in AUD (Live)'. A text box is overlaid on the interface, explaining the risk management capabilities.

Portfolio Summary (PVWD - Book):

Totals	Value
# Holdings	126
Name	PVWD
Hedge	AXKO
Value AUD	167,504,566
ESP \$	138,805,839
Delta (AUD)	140,069,537
Gamma (AUD)	4,713,693
Theta (AUD)	-14,895
Vega (AUD)	186,673
Day P&L	37,518
P&L/FUM	0.0223
XJO -5% of FUM	-3.51
XJO -10% of FUM	-5.91
XJO -15% of FUM	-7.20
Portf Avg Beta T...	0.90
HedgeUctng%	0.0000
EE	0.8362

Holdings Table (PVRM3 - Portfolio):

# Holdings	Name	Value AUD	ESP \$	Delta (AUD)	GammaHid\$	Theta (AUD)	Vega (AUD)	P&L/FUM2	P&L/FUM3	Day P&L	Avg. B
1	44 PVRM1	129,696,426	129,673,932	130,445,786	0	0	0	-0.0007	-0.0008	-1,105	0.9
2	55 PVRM2	18,737,787	18,573,759	19,058,722	0	0	0	-0.0003	-0.0025	-471	0.7
3	8 PVRM3	1,066,900	-27,438,424	-27,438,424	4,713,693	-14,895	186,673	0.0232	0.0232	39,094	0.9
4	19 PVRM4	18,003,453	17,996,573	18,003,453	0	0	0	0.0000	0.0000	0	0.6

Holdings Table (PVRM3 - Portfolio):

Security	Long Security Name	Quantity	Avg Cost	Mkt	Expiry	P/C	Delta	Gamma %	Vega D	Mod Vol	Vol	Implied Vol	Longs
1 AXJO P4300 DEC12.AOTC	AXJO P4300 Dec12.AOTC	0	0.0000	0.8466	201212...	P	-1.69	1.3862	0.273	21.46	0.000	0.000	
2 AXJO P3676 DEC13.AOTC	ASS1 Index P3676 Dec13.AOTC	0	0.0000	71.8621	201312...	P	-13.94	1.1038	9.831	20.81	0.000	0.000	
3 AXJO425003.AX-13	XJO MAR3 4250 P	3,236	52.3645	34.6240	201303...	P	-17.56	3.3581	5.989	15.26	0.000	0.000	1.12
4 AXJO380003.AX-13	XJO MAR3 3800 P	0	0.0000	8.9767	201303...	P	-4.28	0.8469	2.120	21.33	0.000	0.000	
5 AXJO4200A3.AX-13	XJO JAN3 4200 C	0	0.0000	391.2129	201301...	C	95.00	1.9039	1.411	18.48	0.000	0.000	
6 CBA5950L2.AX-12	CBA DEC2 5950 C	0	0.0000	0.8757	201212...	C	65.39	15.5904	0.031	16.80	0.000	0.000	
7 TLS44003.AX-13	TLS MAR3 440 P	0	0.0000	0.2835	201303...	P	-78.43	4.3547	0.006	13.99	0.000	0.000	
8 TLS440C3.AX-13	TLS MAR3 440 C	-10,000	0.1140	0.0535	201303...	C	32.76	6.1867	0.007	13.99	0.000	0.000	

Summary (PVRM3 - Portfolio):

Totals	Value
# Holdings	8
Name	PVRM3
Hedge	AXJO
Value AUD	1,066,900
ESP \$	-27,438,424
Gamma (AUD)	4,713,693
Theta (AUD)	-14,895
Vega (AUD)	186,673
XJO -5% of FUM	1.24
XJO -10% of FUM	3.59
XJO -15% of FUM	7.04

Text Box:

At any point in time Perennial Value can measure the effect on the portfolio of a market fall (factoring in all our protection strategies). For example in this hypothetical situation: if the market fell 15.0% overnight, the portfolio would only fall 7.2%

Underlying share portfolio

- Benefits from Perennial Value's bottom up, value style investment process
- Invests in both large and small cap Australian equities, in line with the Perennial Value Australian Shares strategy and the Perennial Value Smaller Companies strategy.

Typical asset allocation range	Typical Neutral Allocation %	Typical Range %
Perennial Value Australian Shares	90	50 - 100
Perennial Value Smaller Companies	10	0 - 25
Cash	n/a	0 - 50
Net effective derivatives exposure	n/a	0 - 50

Portfolio manager responsibility	Typical %
John Murray / Dan Bosscher	75/25 of large caps
Grant Oshry / Andrew Smith	55/45 of small caps

Perennial Value Australian Shares Results

Period to 30 June 2014	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 Years (% p.a.)	Since Inception* (% p.a.)
Perennial Value Australian Shares Trust	20.4	22.8	10.6	10.5	11.6
S&P/ASX 300 Accumulation Index	17.2	19.6	10.0	11.0	8.2
Value Added/Detracted	3.2	3.2	0.6	-0.5	3.4

Over 14 years of outperformance

Source: Perennial Investment Partners. *Perennial Value Australian Shares Trust inception date was 31 March 2000. Past performance is not reliable indicator of future performance. Gross performance (shown) does not include any applicable management fees.

Perennial Value Smaller Companies Results

Period to 30 June 2014	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.)
Perennial Value Smaller Companies Trust	25.1	12.8	5.3	16.3	13.2
S&P/ASX Small Ordinaries Accumulation Index	13.1	3.5	-2.9	3.4	5.2
Value Added/Detracted	12.0	9.3	8.2	12.9	8.0

Strong long term of outperformance

Source: Perennial Investment Partners. Perennial Value Smaller Companies Trust inception date is 31 March 2002. Past performance is not reliable indicator of future performance. Gross of fees performance shown. Please note that the current monthly return for Small Caps Trusts is based on the preliminary return.

Product Features / Risk Limits

Daily Unit Pricing

Half yearly income distributions

Fee Structure

- ▶ 0.98% p.a. plus 15% performance fee (net returns over S&P/ASX 300 Accumulation Index). Performance fee paid monthly only if:
 - ▶ Returns are positive
 - ▶ The Trust has outperformed the benchmark after management fees for the month
 - ▶ Any past underperformance has been recovered
- ▶ Buy/sell spread 0.30/0.30
- ▶ Minimum investment amount \$25,000

Risk Guidelines

- ▶ Minimum market cap \$50m
- ▶ Individual stock weighting +/-5% Index weight
- ▶ 35 to 100 stocks
- ▶ Minimum equities exposure 50%
- ▶ Maximum cash 50%

Where it fits in a client's portfolio

▶ Suited to those investors:

- Wanting to maximise the opportunity set in outperforming the S&P/ASX 300 Accumulation Index
- Wary of share market risk to capital (ie. most investors)
- Accumulators and those close to retirement
- In retirement with pension and longevity liabilities
- Seeking the tax-effective yield of Australian shares, with reduced capital risk

▶ Portfolio construction

As the fund targets outperformance of the S&P/ASX 300 Accumulation Index and in a “normal” market the cost of protection is low, we see this as a **viable option within a client's Australian equities allocation**

Conclusion – Wealth Defender

- Objective – outperform Australian stock market over market cycle
- A portfolio of shares, dynamic protection and cash
- Shares – Perennial Value’s proven process and track record
- Dynamic protection
 - Cushions investors from significant market falls
 - In place at all times
 - Significantly lower cost than constant protection and other approaches
 - Always cognisant of market upside

A new, exciting and unique approach driven by the management of capital risk

More Information

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Wealth Defender Team

Events

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Performance

Documents, forms and reports

Value Wealth Defender

Finally, a share fund with an airbag

Brochure

Product disclosure statement

Fact sheet

The Wealth Defender Team

Trust overview

Name: Perennial Value Wealth Defender Australian Shares Trust

Inception date: May 2014

Portfolio Essentials

Perennial Value has revolutionised the way investors can manage the downside risk in their Australian equities portfolio.

Launched on 30 May 2014, the Perennial Value Wealth Defender Australian Shares Trust is now available.

Learn how Wealth Defender uses dynamic protection strategies to help cushion the impact of larger market falls here.

- Website
www.perennial.net.au/wealthdefender
- Brochure
- Video
- Trust flyer
- PDS

