



Perennial Value Wealth Defender

Australian Shares Trust

ARSN 168 966 701 APIR Code IOF0228AU

# Perennial Value Wealth Defender

## Australian Shares Trust

**Product Disclosure Statement (PDS)**

26 April 2017

Issued by Perennial Investment Management Limited, ABN 13 108 747 637, AFSL 275101



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## Important Notices

This Product Disclosure Statement (PDS), dated 26 April 2017, relates to the offer to subscribe for units in the Perennial Value Wealth Defender Australian Shares Trust (the Trust).

Investments in the Trust are offered by Perennial Investment Management Limited, ABN 13 108 747 637, AFSL 275101. Perennial Investment Management Limited is the responsible entity for the Trust and the Issuer of this PDS. Perennial Investment Management Limited is responsible for the management and administration of the Trust and is referred to as 'responsible entity', 'PIML', 'we', 'us' and 'our' throughout this document. References to 'you' or 'your' are to investors and unit holders (and where the context requires, prospective investors and unit holders).

PIML has appointed Perennial Value Management Limited (Perennial Value), ABN 22 090 879 904, AFSL 247293, to manage the investment assets of the Trust. Perennial Value is also referred to as Perennial and the Investment Manager throughout this PDS.

Perennial Value is a related body corporate of PIML. An investment in the Trust does not represent an investment in, deposit or other liability of PIML or Perennial Value.

Neither PIML nor Perennial Value guarantees the performance of the Trust or the return of capital or income. Your investment in the Trust is subject to investment risk. This could involve delays in repayment and loss of income or the principal invested.

PIML has also appointed Perennial Value to carry out the client service functions for the Trust.

The Trust is a registered managed investment scheme under the Corporations Act 2001 (Corporations Act).

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment in the units described, and is not to be reproduced or distributed to any other person (other than professional advisers of the prospective investors).

The information in this PDS is general information only and does not take into account your objectives, personal financial situation or needs. We strongly recommend that you consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances. You should also consider this PDS in its entirety before making any decisions to acquire any units in the Trust.

No person is authorised to give any information or to make any representation in relation to this offer which is not contained in this PDS. Any information or representation which is not in this PDS may not be relied upon as having been authorised in respect of the offer under this PDS.

### Updated information

Information in this PDS is subject to change from time to time. The information in this PDS is up to date at the time of preparation. Where changes are not materially adverse to investors, updated information about the Trust can be obtained anytime from Perennial's website [www.perennial.net.au](http://www.perennial.net.au). A paper copy of updated information will be provided free of charge on request. All parties have given, and not before the date of this PDS withdrawn their consent to the inclusion in the PDS of the statement concerning them in the form and context in which it is included.

### Jurisdiction

The investment offered in this PDS is available only to persons receiving this PDS (electronically or in hard copy) within Australia and New Zealand. In particular, this PDS does not constitute an offer of securities in the United States (US) and units may not be offered or sold in the US absent registration or an exemption from registration. PIML will not offer units in the Trust in the US.

Applications from outside Australia and New Zealand will not be accepted. For a free printed copy of this PDS, please contact a Client Services Representative on 1300 730 032 (Australia) or +612 8274 2777 (New Zealand).

### General

All monetary amounts referred to in this PDS are given in Australian dollars and all phone/fax numbers are to phone/fax numbers in Australia (unless otherwise stated). All fees are quoted on a Goods and Services Tax ('GST') inclusive basis less any Reduced Input Tax Credits ('RITCs') available to the Trust. Where fees have been quoted to two decimal places the actual fee may have been rounded up.

### Further information

If you have any further questions relating to the issue of units in the Perennial Value Wealth Defender Australian Shares Trust, please contact a Client Services Representative on 1300 730 032 (Australia) or +612 8274 2777 (New Zealand).

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# 1. Key Features

of the Perennial Value Wealth Defender Australian Shares Trust

		Further information
<b>Trust Name</b>	Perennial Value Wealth Defender Australian Shares Trust.	
<b>APIR Code</b>	IOF0228AU	
<b>Inception date</b>	30 May 2014	
<b>Responsible Entity</b>	Perennial Investment Management Limited (PIML), ABN 13 108 747 637, AFSL 275101.	Section 4
<b>Investment Manager</b>	Perennial Value Management Limited (Perennial Value), ABN 22 090 879 904, AFSL 247293.	Section 4
<b>Custodian</b>	National Australia Bank Limited (NAB), ABN 12 004 044 937.	Section 4
<b>Auditor</b>	KPMG.	Section 4
<b>Minimum recommended investment period</b>	Five years.	
<b>Risk profile</b>	High High risk of short-term capital loss compared to other investment types but with the potential to deliver higher investment returns over the minimum suggested timeframe.	
<b>Benchmark</b>	S&P/ASX 300 Accumulation Index	
<b>Investment Objective</b>	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 sharply falling equity markets.	Section 5
<b>Investment strategy</b>	<p>The investment strategy is to actively manage a portfolio of shares throughout market cycles, with the aim of enhancing long term performance outcomes by maximising returns when markets rally and reducing the magnitude of significant losses when markets fall.</p> <p>The Trust invests in a portfolio of long only positions in listed (or soon to be listed) large and small cap Australian shares using a bottom up, value-style investment process and utilises a range of asset allocation, derivatives strategies and cash investments to cushion the impact of market falls. From time to time, the Trust may hold investments in securities and derivatives in offshore markets.</p>	Section 5

SECTION 1. KEY FEATURES OF THE PERENNIAL VALUE WEALTH DEFENDER AUSTRALIAN SHARES TRUST

			Further information
<b>Minimum initial investment</b>	\$25,000	PIML may, at its discretion, accept amounts less than the minimum investment amounts. The investment minimums do not apply if investing in the Trust via an IDPS or master trust. The operator of the IDPS or trustee of the master trust will confirm whether investment minimums apply.	Sections 11 and 12
<b>Minimum additional investment</b>	\$5,000 For investments via a regular direct debit option the minimum additional investment is \$200.		
<b>Minimum investment balance</b>	\$25,000		
<b>Minimum switching amount</b>	\$5,000		
<b>Minimum withdrawal amount</b>	\$5,000		
<b>Investment management fee</b>	0.98% per annum This fee includes the investment management fee and expense recoveries (other than unusual or non-recurrent expenses). This figure takes into account the expected net effect of GST.		Section 10
<b>Performance fee</b>	A performance fee of 15% of the Trust's net return in excess of the benchmark return will be calculated and accrued daily, and paid monthly (if applicable). The performance fee will only be payable at the end of each calendar month if there is a positive aggregate performance fee balance at the end of that month, and the following conditions are satisfied: <ul style="list-style-type: none"> <li>– The Trust's net return for that month is positive.</li> <li>– The Trust has outperformed the benchmark over that month.</li> <li>– Any previous underperformance versus the benchmark is first recovered.</li> </ul>		
<b>Buy/Sell Spread</b>	As at the date of this PDS, the current total buy/sell spread is 0.60%.		
<b>Risks of investing</b>	All investments carry risk. The risks associated with a Trust of this nature are outlined in Section 8.		Section 8
<b>Unit pricing</b>	Daily		Section 9
<b>Applications and withdrawals</b>	Applications and withdrawals are processed on a daily basis. Where a valid application for an initial investment or additional investment, withdrawal or switch request is received before 2.00 pm via EFT or cheque on a Melbourne business day, we will generally process the request using the unit price applying to the close of business that day. Where the request is made via Bpay before 2.00 pm on a Melbourne business day, we will generally process the request using the unit price applying to the close of the following business day.		Sections 11 and 12
<b>Distribution frequency</b>	Half yearly Distributions, if any, are paid half yearly as at 30 June and 31 December into your nominated bank account or reinvested into the Trust.		Section 6
<b>Distribution reinvestment plan</b>	Yes		Sections 11 and 18
<b>Suitable investor profile</b>	Investors with a long term time horizon, seeking exposure to an Australian equities portfolio that provides some protection against significant negative returns.		

## 2. Summary of Disclosure Benchmarks

Benchmark	Requirement	Summary	Further information
<b>Benchmark 1: Valuation of assets</b>	The responsible entity has and implements a policy that requires valuations of the assets that are non-exchange traded to be provided by an independent administrator or an independent valuation service provider.	<p>The Trust meets this benchmark.</p> <p>For over-the-counter derivatives, we use the market valuations provided by independent valuation sources, which can include those provided by external clearing broker(s).</p> <p>The responsible entity relies on the expertise of the Investment Manager to monitor and confirm the valuations of the external clearing broker(s).</p>	Section 9
<b>Benchmark 2: Periodic reporting</b>	The responsible entity has and implements a policy to provide periodic reports (annual and monthly) on certain key information.	<p>The Trust meets this benchmark.</p> <p>Details of the monthly and annual periodic reports and information provided to unit holders are outlined in Section 13.</p>	Section 13

# 3. Summary of Disclosure Principles

Principle	Summary	Further information
<b>Principle 1: Investment strategy</b>	<p>The Trust aims to outperform the S&amp;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 sharply falling equity markets.</p> <p>The investment strategy is to actively manage allocations between equities, derivative protection and cash throughout the market cycles with the aim of enhancing the long term performance outcomes by maximising returns when markets rally and reducing the magnitude of significant losses when markets fall.</p> <p>The Trust invests in a portfolio of 35 to 100 long only positions in listed (or soon to be listed) large and small cap Australian shares using a bottom up, value-style investment process and utilises a range of asset allocation and derivative strategies to cushion the impact of market falls. From time to time, the Trust may hold investments in securities and derivatives in offshore markets.</p> <p>Returns will be dependent on market conditions and the degree to which the asset allocation and derivative protection decisions of the Investment Manager can cushion the impact of market downturns.</p> <p>Specific strategy related risks include the potential mis-timing of protection strategies eroding positive returns, the long only positions in the portfolio underperforming the market and operational/ counterparty risk. We employ several risk management techniques utilising both proprietary and vendor tools in order to manage portfolio risks. Further details of the risks of investing in the Trust can be found in Section 8.</p> <p>We have the right to make changes to the Trust including the investment return objective, the benchmark and asset allocation ranges without prior notice in some cases. We will inform investors of any material change to the Trust's details via Perennial's website <a href="http://www.perennial.net.au">www.perennial.net.au</a>, in the next regular communication or as otherwise required by law.</p>	Sections 5 and 8

Principle	Summary	Further information
<p><b>Principal 2: Investment manager</b></p>	<p>PIML has appointed Perennial Value to manage the investment assets of the Trust.</p> <p>John Murray, Dan Bosscher, Grant Oshry and Andrew Smith are the portfolio managers responsible for the investment decisions of the Trust. Each of these portfolio managers has stock selection responsibilities within the Trust and Dan Bosscher is also responsible for the Trust's dynamic protection strategies.</p> <p>Dan Bosscher is the dedicated portfolio manager responsible for the Trust. Dan is expected to spend 80% to 100% of his time on investments that form part of the Trust. Dan has broad experience managing Australian equity portfolios as well as hedge fund and derivative strategies during his 20 years of industry experience.</p> <p>John Murray, Head of Perennial Value, is responsible for the management of Perennial Value's large companies Australian shares portfolios. In a career spanning over 30 years, John has gained extensive experience in equity funds management and accounting. He established Perennial Value in 2000. As the Trust invests in the same stocks as Perennial Value's large companies Australian shares portfolios, John is typically expected to spend 80% of his time on investments that form part of the Trust.</p> <p>Grant Oshry and Andrew Smith are responsible for Perennial Value's smaller companies Australian shares portfolios. Grant has over 18 years experience in equity funds management, financial services and accounting. Andrew has over 15 years experience in funds management and stock analysis. As the Trust invests in the same stocks as Perennial Value's smaller companies Australian shares portfolios, Grant and Andrew are expected to spend 80% of their time on investments that form part of the Trust.</p> <p>There have been no adverse findings against the Investment Manager or any key individuals involved in managing the portfolio.</p> <p>In consideration of Perennial Value providing investment management services, Perennial Value is entitled to management fees paid by PIML. These fees are not an additional charge to investors.</p> <p>The Investment Management Agreement between PIML and Perennial contains typical conditions for asset management and termination. PIML may terminate the Investment Manager's appointment and remove the Investment Manager by giving written notice if the Investment Manager commits an act of fraud, dishonesty or gross negligence in performing its investment management duties that constitutes a material breach of its obligations.</p>	<p>Section 4</p>

Principle	Summary	Further information
<b>Principle 3: Trust structure</b>	<p>The Trust is a registered managed investment scheme.</p> <p>The Trust's key service providers are listed in the table in Section 1. All of the key service providers are based in Australia or have a substantial presence in Australia.</p> <p>Further information in relation to the scope of key service providers and a diagram showing the flow of money through the structure is provided in Section 4.</p> <p>PIML has entered into agreements with all of the service providers to the Trust and has the framework and systems in place to monitor the performance and services provided to ensure they comply with their service agreement obligations.</p> <p>Perennial Value is a related body corporate of PIML. An investment in the Trust does not represent an investment in, deposit or other liability of PIML or Perennial Value. All material arrangements between the parties are conducted on an arm's length basis.</p> <p>There may be risks involved when holding assets through external service providers such as the Custodian. Details of these risks can be found in Section 8.</p>	Sections 1, 4 and 8
<b>Principle 4: Valuation, location and custody of assets</b>	<p>The net asset value and the unit price of the Trust are calculated daily in accordance with PIML's Asset Valuation Policy. Key aspects of this policy are detailed in Section 9.</p> <p>The types of assets that the Trust may invest in include: Australian listed equities (and soon to be listed equities), international listed equities (and soon to be listed equities), exchange traded and over-the-counter (OTC) derivatives and cash equivalent investments.</p> <p>The Trust will predominantly invest in Australian assets. The Trust may also hold international securities and instruments.</p> <p>The responsible entity has appointed the National Australia Bank Limited as the Custodian of the assets of the Trust. From time to time, PIML may hold cash assets of the Trust.</p>	Sections 4 and 9
<b>Principle 5: Liquidity</b>	<p>The responsible entity reasonably expects to realise at least 80% of the assets of the Trust, at the value ascribed to those assets in calculating the Trust's net asset value, within 10 business days. Liquidity is managed in accordance to the PIML Liquidity Management Policy. The Trust will invest in a concentrated portfolio of liquid derivatives.</p> <p>Please refer to Section 5 for further details.</p>	Section 5

SECTION 3. SUMMARY OF DISCLOSURE PRINCIPLES

Principle	Summary	Further information
<b>Principle 6: Leverage</b>	The Trust does not borrow. However, the Trust does utilise derivatives and these contracts have implicit leverage.	Section 5
<b>Principle 7: Derivatives</b>	<p>Derivatives are a key element of the Investment Manager's dynamic protection strategy and are used with the aim to assist in cushioning the impact of falls in the equity market and enhancing the potential return of the portfolio in these periods. The Trust will utilise a range of both Australian and international exchange traded and over-the-counter derivatives over shares, share indices and volatility indices, in order to implement the investment strategy.</p> <p>With respect to engaging derivative counterparties, Perennial has procedures in place to assess counterparties, monitor exposure and minimise any counterparty risk. Further detail is provided in Section 8.</p> <p>The risks associated with derivative use are outlined in Section 8.</p>	Sections 5 and 8
<b>Principle 8: Short selling</b>	Short selling is not permitted within the Trust.	Section 5
<b>Principle 9: Withdrawals</b>	<p>In normal market conditions, there are no restrictions or conditions on withdrawals from the Trust.</p> <p>Valid, signed requests received before 2.00pm on a Melbourne business day will generally be processed at the unit price applying to the close of business that day.</p> <p>Requests received after the cut-off time on a Melbourne business day, will generally be processed at the unit price applying to the following business day.</p> <p>We will not satisfy a withdrawal request (including switches) if the Trust becomes illiquid as defined by the Corporations Act. In certain circumstances we may suspend withdrawals.</p> <p>We will inform investors of any material change to the Trust's withdrawal procedures and rights via Perennial's website <a href="http://www.perennial.net.au">www.perennial.net.au</a>, in the next regular communication or as otherwise required by law.</p>	Section 12

# 4. Key Parties

## Responsible entity

Perennial Investment Management Limited (PIML) is the responsible entity of the Trust and is responsible for the management and administration of the Trust. PIML is referred to as 'responsible entity', 'we', 'us' and 'our' throughout this document. PIML has appointed Perennial Value Management Limited ABN 22 090 879 904 AFSL 247293 (Perennial Value) to manage the investment assets of the Trust. PIML may also retain custody of some of the assets of the Trust such as derivative instruments, cash and units in other Perennial Trusts.

## Investment manager

Perennial Value is a specialist, active investment management firm. Perennial Value's sole focus is to deliver excellence in funds management through equity ownership and the alignment of interests between key investment management staff and our clients.

Formed in 2000 and led by well known Value investor John Murray, Perennial Value manages over \$7 billion (as at 31 December 2016) on behalf of institutional and retail clients.

Perennial Value operates three investment management strategies. Each strategy specialises in the investment management of one of the following asset classes:

- Perennial Value Australian Shares – Australian Large Caps & Shares for Income
- Perennial Value Smaller Companies – Australian Small & Microcap Companies
- Perennial Value Wealth Defender – Equity Risk and volatility management and trading

Perennial Value is led by John Murray who is one of the portfolio managers responsible for the investment decisions for the Trust. Dan Bosscher, Grant Oshry and Andrew Smith also have portfolio management responsibilities for the Trust.

John is responsible for the management of Perennial Value's large companies Australian shares portfolios. Grant and Andrew are responsible for Perennial Value's smaller companies Australian shares portfolios. The Trust invests in the same stocks as each of these portfolios and as such John, Grant and Andrew are typically expected to spend 80% of their time on the Trust.

Dan Bosscher is the dedicated portfolio manager responsible for the Trust and the dynamic protection strategies, in addition to his investment management responsibilities for a portfolio of stocks within the Trust. Dan is expected to spend 80% to 100% of his time on investments that form part of the Trust. Dan has more than 20 years buy and sell side experience managing Australian equity portfolios as well as hedge fund and derivative strategies for investment banks and asset managers.

Dan Bosscher is a Portfolio Manager. He joined Perennial Value in August 2012 after 15 years at UBS Investment Bank where he held the position of Managing Director – Head UBS Fundamental Investment Group. In this role, Dan managed a seven person team investing as a multi-strategy hedge fund in the Australian market. His responsibilities included the overall risk management of the portfolio using various derivative structures and strategies including long/short, risk arbitrage, quantitative, convertible bond arbitrage and derivative overlay. Prior to this, Dan held a number of roles with UBS including Co-Head Equity Trading and Derivatives. Prior to this management role, Dan was a registered derivative market maker on both the ASX equity option and SFE futures floors. Dan holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from Bond University.

John Murray established Perennial Value and has over 30 years industry experience. He is one of Australia's most respected value investors and has built a stable team of investment professionals who have consistently delivered good results for investors. Under John's leadership, funds under management have grown from \$40 million in 2000 to over \$7 billion and Perennial Value has won a number of prestigious industry awards and accolades.

Prior to establishing Perennial Value, John was the Investment Director, Australian Shares at Westpac Investment Management, a Senior Portfolio Manager at Maple-Brown Abbott and the Head of Australian Equities at Perpetual Investments. John commenced his career with PricewaterhouseCoopers, where he qualified as a Chartered Accountant. John holds a Bachelor of Arts in Accounting from the University of Canberra.

Grant Oshry is a Senior Small Cap Portfolio Manager/Analyst. Prior to joining Perennial Value in May 2003, Grant held the position of Manager in the Unit Pricing and Distribution Division of MLC Limited. Previously, Grant was an Equities Dealer and Small Cap Analyst at Deutsche Asset Management in South Africa. He also qualified as a Chartered Accountant at Arthur Anderson in South Africa, while working in their Auditing Division. Subsequent to immigrating to Australia, Grant re-qualified as an Australian Chartered Accountant and is a member of the Institute of Chartered Accountants in Australia. Grant's core responsibility is managing the smaller company funds and researching small capitalisation industrial stocks. Grant holds a Bachelor of Arts in Accounting (Honours) and a Bachelor of Commerce. He is also a Certified Management Accountant (UK).

Andrew Smith is a Small Cap Portfolio Manager/Analyst. Prior to joining Perennial in 2008, Andrew was Head of Research at Linwar Securities, a boutique broker specialising in smaller company research. Andrew joined Linwar in 2003 and during this time he has gained a deep understanding of stocks across the small cap spectrum. Prior to this, he worked at Tyndall in their graduate program, where he gained experience across a number of functions including accounting, product development and stock analysis. Andrew attained First Class Honours in Finance while achieving his Bachelor of Commerce degree at Sydney University.

## **Custodian**

PIML has appointed National Australia Bank Limited (NAB), ABN 12 004 044 937, as the Custodian of the assets of the Trust. In its capacity as Custodian, NAB's role is limited to holding the assets of the Trust as agent of the responsible entity. NAB has no supervisory role in relation to the operation of the Trust and is not responsible for protecting your interests. NAB has no liability or responsibility to you for any act done or omission made in accordance with the terms of the custody agreement. NAB holds investments of the Trust as bare trustee and such investments are not investments of, NAB or any other member of the NAB group of companies (NAB Group).

Neither NAB, nor any other member of the NAB Group, guarantees the performance of the investment or the underlying assets of the Trust, or provides a guarantee or assurance in respect of the obligations of the responsible entity or its related entities.

NAB makes no statement in this PDS and has not authorised or caused the issue of it. NAB has given and not withdrawn its consent to be named in this PDS.

As responsible entity of the Trust, PIML pays fees to NAB in consideration for providing those services.

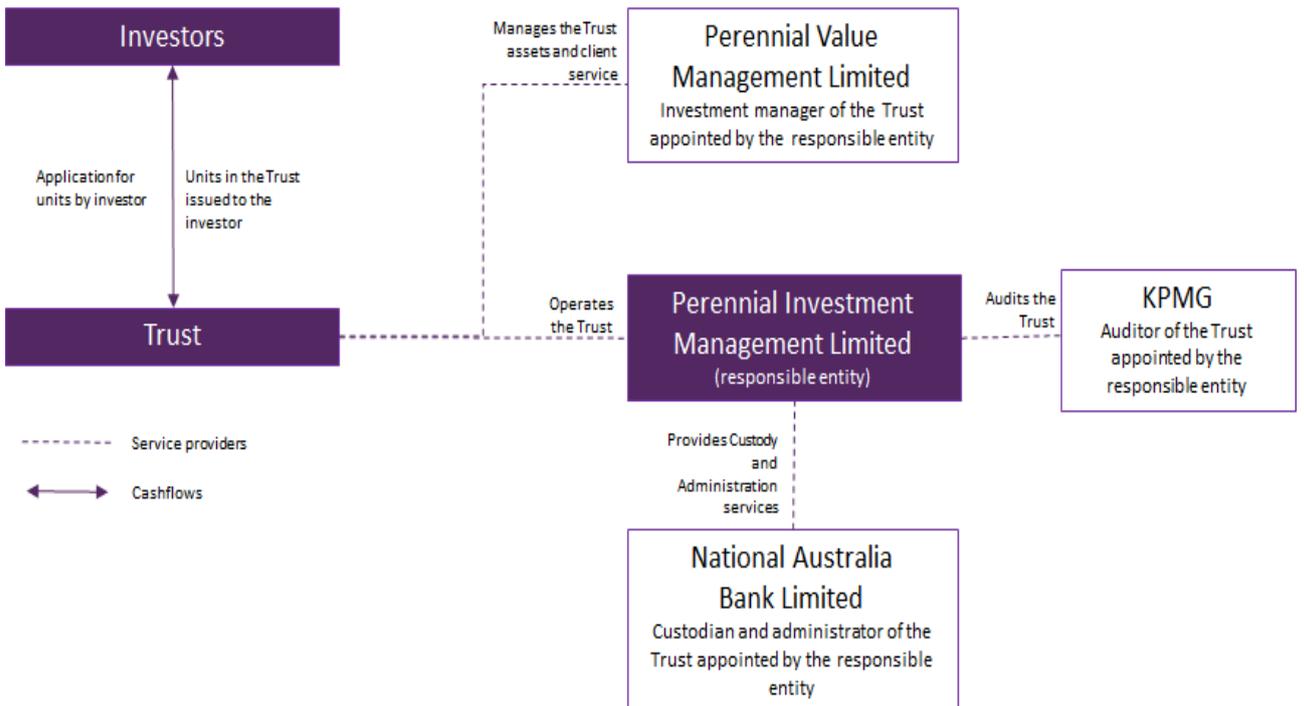
**Auditor**

PIML has appointed KPMG, as the Auditor for the Trust. The fees of the auditor are paid by PIML.

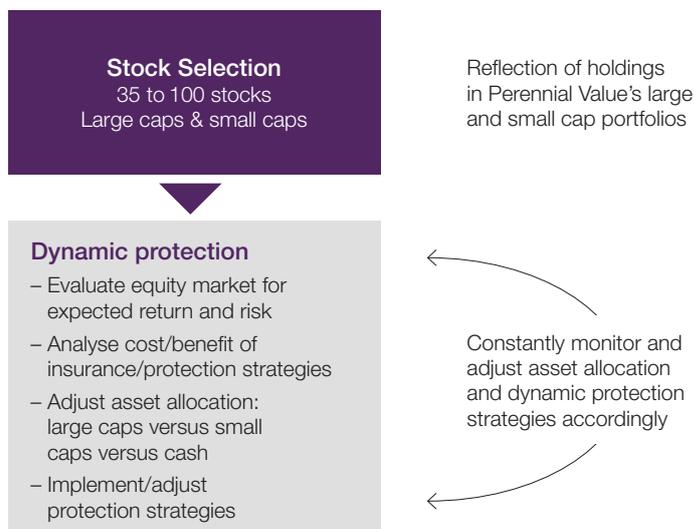
**Agreements with Service Providers**

PIML has entered into agreements with all of the service providers to the Trust and has the framework and systems in place to monitor the performance and services provided. PIML may at any time replace National Australia Bank as the Custodian or KPMG as the Auditor; and appoint new providers without notice to investors.

**Key Parties in relation to the Trust's structure**







## Equity exposure

For the Trust's equity exposure, Perennial Value uses its bottom up, value-style investment process to invest predominantly in a range of large and small cap companies listed (or soon to be listed) on the ASX which Perennial Value believes have sustainable operations and whose share prices offer good value.

The cornerstone of this approach is a strong emphasis on company research. The aim is to develop a detailed understanding of each company before committing investors' funds.

The process aims to ensure that the Trust's investment decisions are focused on buying stocks offering good value and avoiding stocks offering poor value.

The Trust holds between 35 and 100 stocks. Small capitalisation stocks are permitted to a maximum of 25% of the portfolio.

The Trust invests in stocks with a minimum market capitalisation of \$50 million. The maximum investment in any one stock will be capped at 12.5% of its issued capital. Maximum/minimum investment in any one stock is to be capped at +/- 5% versus the stock's index weighting.

From time to time, the Trust may gain exposure by investing in listed stocks not included in the S&P/ASX 300 Accumulation Index and dual listed securities in offshore markets. Any international exposure may be partially or fully offset by hedging.

## Cash exposure

The cash allocation in the portfolio varies from time to time, depending on the Investment Manager's outlook for the Australian share market. In periods where the Investment Manager believes that there is higher than normal market risk, the cash weighting in the portfolio may increase. Conversely, when the market view is more positive the allocation to cash may be smaller in favour of equities.

### **Derivative exposure**

Derivative strategies are used with the aim of reducing the magnitude of losses in the Trust when markets fall sharply and to manage the fluctuating costs of protecting the portfolio. The types of derivatives used include index futures and options on share and volatility indices as well as options on single stocks. The Investment Manager uses both exchange traded and over-the-counter derivatives. From time to time, the Trust may gain exposure by investing in derivative instruments in offshore markets. In addition, on occasion, the Trust may write options over stock positions to enhance income in the Trust.

In periods where the Investment Manager believes that there is higher than normal market risk, the amount of derivative protection in the portfolio may increase. Conversely, when the market view is more positive, the amount spent on portfolio insurance may be lower. The maximum net derivatives investment on an effective exposure basis is 50% of the Trust.

Market pricing and timing determines the best hedge for the portfolio and the type of derivative strategies employed. Derivatives are not used to gear portfolio exposure.

With respect to derivative counterparties, Perennial has procedures in place to assess counterparties, monitor exposure and minimise any counterparty risk. The procedures for over-the-counter derivative counterparties include ensuring that they are suitably creditworthy. Where necessary, formal agreements governing derivative transactions are entered into with approved counterparties.

The Investment Manager currently has counterparty arrangements in place with a number of major financial institutions for the execution of the derivative strategies for the Trust.

The risks associated with derivatives are outlined in Section 8 of this PDS.

### **Labour standards, environmental, social and ethical considerations**

Perennial Value takes labour standards, environmental, social and ethical considerations into account when selecting, retaining or realising investments. As a signatory to the United Nations backed Principles for Responsible Investment, Perennial Value has incorporated environmental, social and corporate governance (ESG) principles into its investment processes.

Perennial Value believes that a holistic view of investments including consideration of ESG factors will promote a well rounded approach to investing with better return outcomes for clients. In making investment, retention and divestment decisions, Perennial Value may look at a range of ESG standards and use a range of tools and methodologies to assist with decision-making. Generally speaking, Perennial Value does not have a predetermined view on which ESG standards to apply or a fixed methodology or weightings for taking ESG standards into account when selecting, retaining and realising investments of the Trust.

Perennial Value may review the Trust's investments, on a case by case basis, in light of any ESG issues researched and raised, and may take steps to realise, reduce or cease making further investments in organisations or securities which are negatively affected by ESG considerations. For further information, please visit the ESG section of Perennial's website [www.perennial.net.au](http://www.perennial.net.au).

# 6. Trust structure

## How the Trust works

The Trust may have a number of classes of units, each with its own unit price. The Trust is a registered managed investment scheme. When you invest in the Trust, your money is pooled with that of other investors. So that you know what your share of the managed investment scheme is worth, the total value of the assets in the scheme is divided into 'units'. Each unit that a unit holder holds in the Trust gives a unit holder a beneficial interest in the Trust as a whole, but not in any particular asset of the Trust. Holding units in the Trust does not give a unit holder the right to participate in the management or operation of the Trust. Each unit in the Trust is of equal value and identical rights are attached to all units.

We will quote you a price for each unit and will keep a record of the number of units you have bought. The unit price is usually calculated daily at the end of each business day. The unit price will change in response to rises and falls in the market value of assets in the Trust.

You can increase your investment at any time by buying more units in the Trust. Generally, you can decrease your investment by selling, transferring or withdrawing some of your units, although in certain circumstances (such as a freeze or suspension on withdrawals or the Trust becoming illiquid) you may not be able to reduce your investment within the usual period upon.

When you make an investment in the Trust, your units will be allocated to you based on the entry price for the business day your application is effective. When you withdraw, your units will be redeemed based on the exit price for the business day on which your withdrawal request is effective.

The entry price is calculated by taking the net asset value of the Trust and adding to it an amount which reflects the estimated cost of acquiring the Trust's assets (subject to PIML's discretion to change or waive such costs) and dividing the net figure by the number of units on issue in the Trust.

The exit price of the Trust is calculated by taking the net asset value of the Trust and subtracting from it an amount which reflects the estimated cost of selling the Trust's assets (subject to PIML's discretion to change or waive such costs) and dividing the net figure by the number of units on issue in the Trust.

Current unit prices for the Trust are available on the Perennial website [www.perennial.net.au](http://www.perennial.net.au) or by contacting a Client Services Representative on 1300 730 032 (or +612 8274 2777 New Zealand) or by emailing [invest@perennial.net.au](mailto:invest@perennial.net.au).

The constitution of the Trust allows PIML to exercise discretions (for example, determining transaction costs and rounding) which may affect unit pricing. The unit pricing discretions policy sets out, among other things, the principles that PIML adheres to when exercising these discretions. This policy is available upon request.

## Impact of investing just before the end of a distribution period

After a distribution is paid, the unit price usually falls by an amount similar to that of the distribution per unit. This means that if you invest just before a distribution, the unit price may already include income that you would be entitled to receive at the distribution date. Consequently, by investing just before a distribution, you may have some of your capital returned as income. This could affect your taxation position and we recommend you seek professional taxation advice.

## Changes to Trust details

We have the right to close or terminate the Trust and make changes to the Trust including the investment return objective, the benchmark, asset classes and asset allocation ranges and currency strategy (if any), without prior notice in some cases.

We will inform you of any material change to the Trust's details via Perennial's website [www.perennial.net.au](http://www.perennial.net.au), in the next regular communication or as otherwise required by law.

## Distributions

Investing in the Trust means that you may receive regular income (depending on the nature of the underlying investments this may include interest, dividends and realised capital gains) from your investments in the Trust in the form of distributions. However, there may be times when distributions cannot be made, are lower than expected.

Generally, all taxable income and realised taxable capital gains in a financial year will be distributed to unitholders. Any income or capital losses will be carried forward to later periods.

The net distributable income of the Trust is allocated to unit holders on a per-unit basis according to the number of units held in the Trust at the end of the distribution period. Distributions are normally calculated half yearly (under the constitution, the responsible entity is permitted to calculate distribution more or less frequently if it is considered appropriate) and are generally sent to unit holders within one month of the last day of the distribution period. However, the constitution of the Trust provides for distributions to be paid within a period of three months of the last day of the distribution period (unless an audit is required, in which case income distributions may be made as soon as possible after completion of the audit).

You have the opportunity to have any distributions that you may receive reinvested into your Trust account without incurring transaction costs or receive them via direct deposit to your nominated bank account. You can nominate your preferred distribution method in the Investment Details section of the application form. If you do not nominate your preferred distribution method, this will be taken to be a direction to reinvest distributions as additional units in the Trust.

You will be sent a statement detailing your distributions after each distribution period.

## Distribution reinvestment

Where you elect to reinvest your distributions, the distribution reinvestment price is the unit price at the end of the distribution period (without the applicable buy-spread) less the distribution per unit payable.

By electing to reinvest your distributions, you are deemed to have directed us to apply such monies towards the subscription for the number of units, of the same class as already held, at the relevant distribution reinvestment price. All units allotted as part of the distribution reinvestment will rank equally in all respects with existing units in the same class.

Investors may cancel their participation at any time by giving notice to PIML. The cancellation will apply from the date of receipt, as long as it is at least 10 days prior to a distribution date, or such future date as nominated by you. Retrospective cancellations are not permitted.

Investors must be Australian or New Zealand residents to be eligible to apply for distribution reinvestment.

PIML may cancel or suspend distribution reinvestments, or modify the terms by which distribution reinvestments are permitted.

# 7. Benefits of investing in the Trust

The Trust is an actively managed Australian share market investment, with dynamic protection strategies that aim to provide the long term benefits of share market investment while reducing the impact of sharp, major equity market falls on investor capital. From time to time, the Trust may gain exposure by investing in dual listed securities and derivatives in offshore markets. The significant benefits of investing in the Trust include:

- Access to dynamic protection strategies

Perennial Value's investment strategy aims to provide investors with the return profile of Australian shares with reduced capital risk through the use of specialist risk management and dynamic protection strategies including a range of derivative instruments. This approach gives investors in the Trust access to dynamic protection strategies, at professional derivative market prices, which are typically only available to institutional investors.

- Access to investment opportunities

Investing in the Trust means that your money is pooled with that of other investors. This provides the Trust with the investment buying power not often available to you as an individual investor with smaller amounts to invest. This means you can gain access to investment markets and risk management techniques that would not normally be accessible to individual retail investors.

- Professional management

Perennial Value's investment professionals manage your investment on your behalf, making investment decisions in line with market conditions by researching the markets and securities in which they invest. They apply a committed and disciplined investment process aimed at delivering returns in excess of the relevant benchmark.

- Right to income distributions (if any)

Investing in the Trust means that you may receive regular income from your investments in the Trust in the form of income distributions. However, there may be times when income distributions cannot be made, are lower than expected or are delayed.

- Easy access to your information

For the latest available information on the Trust, you can visit [www.perennial.net.au](http://www.perennial.net.au), log on to Perennial Online, contact a Client Services Representative on 1300 730 032 (+612 8274 2777 New Zealand), email [invest@perennial.net.au](mailto:invest@perennial.net.au) or speak to your financial adviser.

## 8. Risks of investing in the Trust

All investments carry risk. The likely investment return and the risk of losing money is different for each managed investment scheme as different strategies may carry different levels of risk depending on the portfolio of assets that make up the scheme. Those assets with potentially higher long term returns may also have a higher risk of losing money in the shorter term.

Risk can be managed but it cannot be completely eliminated. It is important to understand that:

- the value of your investment will go up and down;
- investment returns will vary and future returns may be different from past returns;
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on a range of factors including your age, investment time frame, where other parts of your wealth are invested and your risk tolerance.

### Risks of investing in the Trust

The significant risks, in no particular order, that may affect the value of your investment and the distributions paid by the Trust include:

- **Company or security-specific risk:** A number of factors can adversely affect the value of a specific security in which the Trust invests and therefore impact the Trust. Perennial Value's careful analysis of detailed research in combination with diversified holdings, aims to minimise this risk.
- **Concentration risk:** When investments are concentrated in a smaller number of securities than the broader market index, the unit price of the Trust may be more volatile than the return of the benchmark. The Trust's portfolio size of 35 to 100 stocks and sector limits aim to manage this risk by ensuring satisfactory diversification.
- **Credit risk:** A counterparty's failure to meet its contractual obligations could result in a financial loss to the Trust. Perennial seeks to reduce this risk, by ensuring that a diversified portfolio of securities is held in the Trust.

- **Currency risk:** Investing in international markets may expose the Trust to changes in exchange rates. The possibility that foreign currencies may fall in value relative to the Australian dollar can have an adverse impact on investment returns. This risk may be partially or fully offset by hedging using forward exchange contracts or appropriate derivative instruments.
- **Derivative risk:** The Investment Manager may use derivatives strategies, such as exchange traded derivatives and over-the-counter derivatives including but not limited to futures and options contracts, to enhance portfolio returns and cushion the impact of falls in the market. The derivative instruments are linked to the underlying value of physical assets and are used by the Investment Manager as an alternative to investing in physical assets because of their cost and liquidity efficiency; or, to protect the value of the underlying physical assets from adverse price movements over time. Gains or losses can result from investments in derivatives. In addition to any risk associated with the underlying asset for which a derivative is valued, derivative prices are affected by other factors including: market liquidity; interest rates; and counterparty risk. The Investment Manager seeks to mitigate the risk through a range of risk management strategies including the use of limits on positions and monitoring the correlation of individual positions.
- **Investment manager risk:** Is the risk that the Trust's investment objective will not be achieved and/or it may underperform the benchmark or may underperform other investment managers in the same asset class. The risk is reduced by the active management of the Trust's assets and PIML monitoring Perennial.
- **Liquidity risk:** If a security can not be sold quickly enough to minimise a potential loss or to satisfy withdrawal requests, the Trust's performance may be impacted or it may experience difficulty satisfying its commitments including withdrawals. The risk management guidelines adopted by Perennial are designed to minimise liquidity risk through applying limits to ensure there is no undue concentration of liquidity risk to a particular counterparty or market.
- **Market risk:** Unexpected conditions (e.g. economic, technological or political) can have a negative impact on the returns of all investments within a particular market. Perennial's careful analysis of detailed research in combination with diversified holdings, aims to minimise this risk.
- **Other risks:** Managed investment schemes are also subject to operational risk in that circumstances beyond our control may prevent us from managing the Trust in accordance with its investment strategy. These circumstances may include strikes or industrial disputes, fires, war, civil disturbances, terrorist acts, state emergencies and epidemics.
- **Responsible entity risk:** Is the risk that PIML, the responsible entity for the Trust, does not properly discharge its duties in the management of the Trust. We aim to keep responsible entity risk to a minimum by monitoring the Trust, acting in your best interests and ensuring compliance with legislative requirements.

## 9. Valuation, location and custody of assets

The Trust primarily invests in Australian assets, although it is permitted to hold international assets (up to a maximum of 10% of the Trust). The Trust will also utilise both exchange traded and over-the-counter derivatives. The maximum net derivatives investment on an effective exposure basis is 50% of the Trust.

The net asset value and the unit price of the Trust are calculated daily in accordance with PIML's Asset Valuation Policy which provides a framework for the valuation of financial instruments that is consistent with current industry practices and regulatory requirements. More frequent valuations and unit price calculations are permitted under the constitution and we may revalue the Trust's assets more frequently if it is considered appropriate. We may also revalue the Trust's assets less frequently in certain circumstances.

The assets of the Trust are valued through the use of market accepted practices to accurately and independently price all securities. Security prices are sourced from reputable external market sources, and are verified through the use of a number of mechanisms including price movement, zero prices and stale prices. Valuations are independently verified.

As at the date of the PDS, PIML has delegated custody of the physical domestic assets to NAB in accordance with the terms of the custodial services arrangement.

PIML may also retain custody of some of the assets of the Trust such as derivative instruments and cash (up to a maximum of 50% of the Trust).

# 10. Fees and other costs

## Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Trust or your financial adviser.**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed funds fee calculator to help you check out different fee options.

You can use the ASIC calculator to calculate the effect of fees and costs on your account balances.

This section provides summary information about the main fees and costs that you may be charged for the Trust. The fees and costs charged by the Trust may be deducted from your account, from the returns on your investment or from the Trust assets as a whole.

You should read all of the information about fees and costs because it is important to understand their impact on your investment. The information in the template can be used to compare costs between different simple investment schemes. Fees and costs can be paid directly from your account or deducted from your investment returns.

For information on tax, please see section 14 of this PDS

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Trust</b>		
Establishment fee The fee to open your investment.	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Not applicable.
Exit fee The fee to close your investment.	Nil	Not applicable.
<b>Management costs</b>		
The fees and costs for managing your investment. As at the date of this PDS, management costs consist of the following components:		
Investment management fee	0.98% p.a. <sup>1</sup>  Currently, we do not separately recover expenses (other than unusual or non-recurrent expenses) from the Trust. Instead, we bear those expenses out of the management costs of the Trust at no additional cost to you. If the Trust incurs unusual or non-recurrent costs (for example, a unit holder meeting) we would normally recover those costs out of the Trust.	The investment management fee is calculated on the net asset value of the Trust and is deducted from the assets of the Trust. This fee is not directly deducted from your account.  This fee is accrued daily and paid monthly and incorporated into the daily unit price of the Trust.
Performance fee	15% of the Trust's net return in excess of the benchmark return. <sup>2,3</sup>	The performance fee is calculated and accrued daily, and is payable monthly (if applicable).
Indirect costs	Nil <sup>4</sup>	
<b>Service Fees</b>		
Switching Fee <sup>5</sup> The fee for changing to another Perennial trust	Nil	Not applicable.

- This fee may be negotiable with wholesale clients.
- The Trust's net return is the return of the Trust after the investment management fee has been deducted.
- The Trust's benchmark is the S&P/ASX 300 Accumulation Index.
- The indirect cost figure is calculated with reference to the relevant costs incurred during the financial year ending 30 June 2016 and is based on no unusual or non-recurrent expenses being incurred.
- You may switch from this Trust to another Perennial trust, or from another Perennial trust to this Trust at any time, with all requests subject to the processing and cut-off times current at the time of the switch. When money moves in or out of the Perennial trusts, you may incur a buy/sell spread which is included in the unit price of the trusts you choose. A switch operates as a withdrawal of units from one trust and the investment of units in another and therefore may have taxation implications.

The fees are inclusive of the Goods and Services Tax (GST) and take into account any expected Reduced Input Tax Credits (RITCs). Where fees have been quoted to two decimal places, the actual fee may have been rounded up.

# Additional Information on Fees and Costs

## Investment management fee

The investment management fee of 0.98% of the net asset value of the Trust is payable to PIML for overseeing the management and administration of the Trust. Out of this fee PIML pays a portion to Perennial Value for managing the assets of the Trust. The investment management fee is accrued daily and is paid from the Trust monthly in arrears.

## Performance fee

Under the Trust constitution, the responsible entity is entitled to receive a performance fee from the Trust.

A performance fee of 15% of the Trust's net return in excess of the benchmark return will be calculated and accrued daily as follows.

### Performance Fee =

(Trust's net return – Benchmark return) x Net Trust Value for the previous day x 15%.

The daily performance fee is the amount that the Trust has outperformed (or underperformed) the benchmark return multiplied by the Net Trust Value for the previous day, with this amount then multiplied by 15%.

This daily performance fee amount is added to or subtracted from (if the Trust has underperformed) the aggregate performance fee amount accrued up until the previous day.

If the aggregate performance fee amount up to that day is positive, both positive and negative performance fee amounts will be reflected in the unit price.

If the aggregate performance fee up to that day is negative, no performance fee amount will be reflected in the unit price. Any negative performance fee amount will be brought forward to be offset against any positive performance fee in the future.

The performance fee at the end of each calendar month is the sum of the daily performance fees accrued during the month plus any amounts carried over from previous months if the performance fee was not paid at the end of the previous calendar month.

Once the performance fee is paid to the responsible entity, the aggregate performance fee is set to zero.

While the performance fee is calculated and accrued on a daily basis, the responsible entity will only be paid the performance fee at the end of each calendar month if there is a positive aggregate performance fee balance at the end of that month and the following conditions are satisfied:

- The Trust's net return for that month is positive.
- The Trust has outperformed the benchmark over that month.
- Any previous underperformance versus the benchmark is first recovered.

Overleaf are worked examples of performance fee calculations on both a daily and monthly basis for the Trust as a whole. Your share of the performance fee will depend on the number of units you hold.

Based on the current calculation methodology for the performance fee, PIML has estimated that the typical ongoing performance fee payable per annum may be \$225 assuming an average account balance of \$50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. PIML cannot guarantee that performance fees will remain at their previous level or that the performance of the Trust will outperform the benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Trust will be, but it will be reflected in the management costs for the Trust for the relevant year. Information on current performance fees will be updated from time to time and available from [www.perennial.net.au/feesandcosts](http://www.perennial.net.au/feesandcosts).

### Performance fee calculation worked examples

The following examples illustrate performance fee calculations for unrelated days and consecutive months, assuming no applications, redemptions or distributions and hypothetical values for Trust return, benchmark return, net assets and performance fees.

#### Daily performance fee for unrelated days

	Business Day 1	Business Day 9	Business Day 23	Calculation notes
Net Trust return (after fees)	1.9%	0.7%	1.5%	Hypothetical amount.
Benchmark return	1.7%	1.1%	1.0%	Hypothetical amount.
Outperformance (underperformance)	0.2%	(0.4%)	0.5%	Net Trust return minus benchmark return.
Net Trust Value from the previous day	\$10,000,000	\$11,500,000	\$15,000,000	Hypothetical amount.
Daily performance fee for the Trust at 15%	\$3,000	(\$6,900)	\$11,250	Outperformance (underperformance) multiplied by net asset value multiplied by 15%.
Aggregate performance fee balance for the Trust up to the previous Business day	(\$20,000)	\$55,000	\$100,000	Hypothetical amount.
New aggregate performance fee balance for the Trust at the end of the day	(\$17,000)	\$48,100	\$111,250	Aggregate balance plus the daily performance fee.
Amount reflected in the daily unit price for the Trust in respect of that Business day	Nil	(\$6,900)	\$11,250	If the aggregate performance fee balance is positive, both positive and negative fees will be reflected in the unit price.

Note: This is an example only and does not reflect the actual assets and performance of the Trust.

## Calendar month payment of performance fees for consecutive months

	Month 1	Month 2	Month 3	Month 4
Brought forward aggregate performance fee	\$1,500	\$6,500	(\$5,500)	(\$2,500)
Performance fee accrual for the month (sum of the daily performance fees)	\$5,000	(\$12,000)	\$3,000	\$15,000
Aggregate performance fee	\$6,500	(\$5,500)	(\$2,500)	\$12,500
Month end net Trust return	-1.3%	1.3%	2.5%	1.5%
Month end benchmark return	-4.5%	3.0%	2.2%	-4.0%
Outperformance (underperformance)	3.2%	-1.7%	0.3%	5.5%
Performance fee paid to the responsible entity	Nil	Nil	Nil	\$12,500
New aggregate performance fee to be brought forward	\$6,500	(\$5,500)	(\$2,500)	\$0

Note: This is an example only and does not reflect the actual assets and performance of the Trust.

## Explanation

<b>Month 1</b>	<p>The Trust outperforms the benchmark return for the month.</p> <p>The Trust's net return is negative, so no performance fee is paid to the responsible entity and the monthly aggregate performance fee is carried forward.</p>
<b>Month 2</b>	<p>The Trust underperforms the benchmark return for the month, so no performance fee is paid to the responsible entity and the monthly accrual is carried forward.</p> <p>The monthly aggregate performance fee is negative and reduces the brought forward balance to a negative. This is carried forward to Month 3.</p>
<b>Month 3</b>	<p>The Trust outperforms the benchmark return for the month, however the positive performance accrual for the month is not sufficient to offset the negative brought forward balance, so no performance fee is paid to the responsible entity.</p> <p>The negative monthly aggregate performance fee balance is carried forward to Month 4.</p>
<b>Month 4</b>	<p>The Trust outperforms the benchmark return for the month by a large enough margin to return the aggregate performance fee to a positive amount. The aggregate positive performance fee balance is paid to the responsible entity.</p> <p>The new aggregate performance fee balance is set to zero and carried forward to Month 5.</p>

### Transactional and Operational Costs

In managing the assets of the Trust, transaction costs such as brokerage, settlement, clearing, stamp duty, and the difference between the actual price paid or received for acquiring or disposing of an asset and its actual value at that time may be incurred. These costs are generally incurred as a result of applications or redemptions from the Trust or when the Trust sells or buys assets as part of its day to day trading activities.

#### Buy/sell spread

Transactional costs which arise as a result of applications and redemptions will be recovered from the applicants and redeeming unitholders in the form of a 'buy spread' and a 'sell spread'. The buy/sell spreads are an additional cost to you when transacting but, as they are included in the unit price of the Trust, they are not charged to you separately. The buy/sell spread is the difference between the entry price and the exit price of the units in the Trust. Buy/sell spreads are not retained by us but rather paid to the Trust to ensure that other unit holders are not disadvantaged by the trading activity arising from applications or redemptions. As at the date of this PDS, the estimated buy/sell spread added on buying or deducted on selling is 0.30%. The following example is based on an application or redemption of \$25,000 in or from the Trust.

	Buy/Sell Spread	Cost
Application	0.30%	\$75
Redemption	0.30%	\$75

In circumstances where the responsible entity determines that unit holders of the Trust are not being treated equitably (for example, in stressed and dislocated markets), the buy/sell spread may be higher than our estimate. From time to time, we may vary the buy/sell spread and we will not ordinarily provide prior notice. Any revised spread will be applied uniformly to transacting investors while that spread applies. Updated information on the buy/sell spread will be available from [www.perennial.net.au/feesandcosts](http://www.perennial.net.au/feesandcosts).

#### Indirect costs

Indirect costs are the costs incurred in managing the Trust's assets which directly or indirectly reduce the return on the Trust. We are entitled to recover expenses incurred in the proper performance of our duties in respect of the Trust. These normal expenses (such as custody charges, administration and accounting costs, registry fees, audit fees and tax fees) are paid out of the investment management fee, at no additional charge to you. However, if unusual or non-recurrent expenses are incurred, such as the expenses incurred in holding a unitholder meeting, we reserve the right to deduct these expenses from the Trust's assets. The amount included in the table of fees and costs is calculated with reference to the relevant costs incurred during the financial year ending 30 June 2016 and is based on no unusual or non-recurrent expenses being incurred. However, indirect costs for the current financial year and for future years may differ. These indirect costs reduce the return on your investment. Indirect costs do not include transaction costs (see 'Transactional and Operational Costs' section above). Updated information on indirect costs will be available from [www.perennial.net.au/feesandcosts](http://www.perennial.net.au/feesandcosts).

#### Other transactional costs

Transaction costs which arise from trading activity to execute the Trust's investment strategy and are not the result of applications into and redemptions from the Trust are not covered by the buy/sell spread. They are instead paid out of the Trust's assets. These costs are an additional cost to you and are reflected in the Trust's unit price and are not paid to us. The total transaction costs for the Trust for the financial year ending 30 June 2016 were 0.64% of the net asset value of the Trust for the year, of which approximately 0.58% was recouped via the buy/sell spread when applications and redemptions took place. The difference of 0.06% reflected the day-to-day trading costs and was factored into the net investment return of the Trust. These costs may vary in future. If an investor had a balance of \$100,000 through the year, their investment would have been impacted by \$60 for the year. No operational expenses will be charged to the Trust.

### Example of annual fees and costs for the Trust

This table gives an example of how the fees and costs for the Trust can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

#### Example

Perennial Value Wealth Defender Australian Shares Trust		Balance of \$50,000 with total contributions of \$5,000 during the year.
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS management costs comprising:	0.98% p.a. of net assets	AND for every \$50,000 you have in the Trust you will be charged \$490 each year <sup>1</sup> .
Investment Management Fee:	0.98% p.a.	
Indirect costs:	0% p.a.	
Performance fees:	0% p.a.	
<b>EQUALS</b> cost of Trust		If you had an investment of \$50,000 at the beginning of the year and you invested \$5,000 during the year, you will be charged <b>\$490<sup>2</sup></b> . <b>What it costs you will depend on the fees you negotiate with your Fund (being PIML) or financial adviser.</b>

1. Additional fees may apply. Please note this example doesn't capture all the fees and costs that may apply to you, such as the buy/sell spread. The example assumes no indirect costs are payable as the responsible entity did not incur any indirect costs in the previous financial year. The example also assumes no performance fee is payable as no performance fee was charged in the previous financial year of the Trust. See above (under the heading "Performance fees") our estimated typical ongoing performance fees for the current financial year. The actual indirect costs and performance fees for the current financial year and for future financial years may differ.
2. This example assumes that management costs are calculated on a balance of \$50,000 with the \$5,000 contribution occurring at the end of the first year. Therefore management costs are calculated using the \$50,000 balance only.

### Indirect investors – additional master trust or wrap account fees

For investors accessing the Trust through a master trust or wrap account, additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator.

### Incidental fees and costs

Standard government fees, duties and bank charges may also apply to your investments and withdrawals including dishonour fees and conversion costs.

### The constitution and fee changes

The constitution governing the Trust allows for higher fees to be charged than those detailed above and specifies the circumstances in which additional fees may be charged, such as:

- a maximum contribution fee of 5% of the application (investment) amounts (not currently charged);
- a maximum withdrawal fee of 5% of the exit price payable on the withdrawal of units (not currently charged);
- a maximum management fee (excluding ongoing recoverable operating expenses) of up to 5% p.a. of the gross value of the Trust's assets.

### Can the fees change?

We have the right to increase the fees or to charge fees not currently levied up to the maximum limits set out in the constitution without your consent. If we choose to exercise this right, we will provide you with 30 days prior written notice.

### Differential fees

The management costs of the Trust may be negotiated with persons who qualify as wholesale investors within the meaning of the Corporations Act, such as sophisticated or professional investors. In negotiating such fees, we will take into consideration our obligations under the Corporations Act. Please contact a Client Services Representative on 1300 730 032 (+612 8274 2777 New Zealand) for further details.

### Switching fee

A switch operates as a withdrawal of units in one trust and the investment of units in another and therefore may have taxation implications. Please contact a licensed financial or taxation adviser for further information.

You may switch from this Trust to another Perennial trust, or from another Perennial trust to this Trust, at any time. There is no switching fee applicable as at the date of the PDS. However, a buy/sell spread or a contribution fee may apply to the relevant trust at the time of the switch. For more information, please refer to page 26 of this PDS and the Perennial Switch Form.

### Interfunding

Where the Trust invests in other Perennial trusts (referred to as interfunding), we will ensure there is no doubling-up of management costs.

### Adviser Fees

#### Fees paid to financial advisers and other persons

You may pay additional fees to a financial adviser if you consult a financial adviser. You should refer to your Statement of Advice for any fee details. PIML does not pay fees to financial advisers.

#### Conflicted remuneration

PIML complies with the conflicted remuneration requirements under the Corporations Act.

#### Platform and dealer group payments

Certain dealer groups, of which your adviser may be a part of, and platforms and other parties, may receive payments from us or Perennial.

### More information on fees and costs

If you would like to better understand how our fee structure may impact your investment in the Trust, we recommend that you speak to your financial adviser or visit the ASIC website at [www.moneysmart.gov.au](http://www.moneysmart.gov.au), where a fee calculator is available to help you compare fees of different managed investment products.

# 11. How to apply

- A. Read the current PDS available from [www.perennial.net.au](http://www.perennial.net.au) or by calling 1300 730 032 (+612 8274 2777 NZ).
- B. Eligible investors should complete all sections of the Perennial Trusts application form available from [www.perennial.net.au/pds](http://www.perennial.net.au/pds). We need to collect this information to comply with Anti-Money Laundering and Counter-Terrorism Financing Legislation.
- C. Read and sign the declaration at Step 8 of the Perennial Trusts application form.
- D. Send your completed and signed application form together with your supporting documents and cheque (if not using BPAY®<sup>1</sup>) or electronic payment for the initial investment to us. We recommend that you keep copies for future reference.

Your initial investment and additional investments may be made by either cheque, electronic funds transfer or BPAY using telephone or internet banking. The Biller Code of the Trust is 969287. Contact your bank or financial institution to make this payment from your cheque, savings, debit, or transaction account.

For an initial investment via BPAY please tick the appropriate box on page 6 of the Perennial Trusts application form and a Client Services Representative will contact you once your account has been opened.

For an initial investment via electronic funds transfer please refer to page 2 of the application form.

## Applying for units

PIML reserves the right not to accept (wholly or in part) any application for any reason or without reason. If PIML refuses to accept an application, any funds received from you will be returned to you without interest.

For an application to be valid, it must be correctly completed and it must comply with the designated minimum investment amounts referred to in the relevant PDS and be appropriately signed by the applicant(s). PIML may, however, at its discretion, accept amounts less than the minimum initial investment amounts.

Where a valid application for an initial investment or additional investment, withdrawal or switch request is received before 2.00pm on a Melbourne business day via EFT or Cheque, we will generally process the request using the unit price applying to the close of business that day. Where the request is received before 2.00pm on a Melbourne business day via Bpay, we will generally process the request using the unit price applying to the close of business the following day.

Requests received after the cut-off time will generally be processed at the unit price applying to the following business day.

If, for any reason, we are unable to process your application (for example, the application form is incomplete or incorrectly completed or we are not satisfied that we have received the necessary proof of identification requirements to meet our obligations under AML/CTF law), the application monies will be held by us in a non-interest bearing trust account for up to 30 days (while we endeavour to verify your identification information or obtain any necessary outstanding information) after which we will return the application monies to you.

## Cooling off

If you are a retail client (as defined in the Corporations Act) investing directly in the Trust, you have a 14 day cooling-off period to confirm that the investment meets your needs. If you exercise your cooling-off rights, we will return your money to you and no fees will apply. However, the amount you receive will reflect any movement (either up or down) in the unit price of the Trust and takes into account buy/sell spreads which means that there may be tax implications for you. The 14 day cooling-off period commences on the earlier of the end of the fifth day after we issue the units to you or within 14 days from the date you receive confirmation of your transaction.

A cooling off period does not apply to the operator of an IDPS or trustee of a master trust, or other wholesale clients (as defined under the Corporations Act), or where units have been issued as a result of an additional investment, switch or income distribution reinvestment plan.

1. BPAY® is a registered trademark of BPAY Pty Ltd ABN 69 079 137 518.

# 12. Withdrawals

Confirmation of your withdrawal will be sent to you usually within seven business days after your withdrawal request is finalised.

Where a valid application for a withdrawal or switch request is received before 2.00pm on a Melbourne business day, we will generally process the request using the unit price applying to that day.

We will generally process your request using the unit price applying to the following business day if we receive the request after 2.00pm on a Melbourne business day.

## Restrictions on withdrawals

There may be circumstances where your ability to withdraw from a Trust is restricted. In certain circumstances we may suspend withdrawals. These circumstances include for example, where it is impracticable to value the relevant Trust because of an emergency or trading restriction in a country that the Trust invests in or if the stock exchange on which the investment of the Trust is listed closes. I

We will not satisfy a withdrawal request (including switches) if the Trust becomes illiquid (as defined under the Corporations Act). If a Trust is illiquid, withdrawals from that Trust will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy withdrawal requests, the requests will be satisfied proportionately amongst those investors wishing to withdraw from the Trust. Under the Corporations Act, a Trust is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

The constitution of the Trust also contains specific provisions that provide us with powers in relation to withdrawals.

The constitution of the Trust may be inspected at PIML's registered office on a Sydney business day or we can provide you with a copy on request.

If a withdrawal request results in a holding in a Trust falling below the required minimum holding, we may redeem your entire holding in the Trust.

We will inform investors of any material change to the Trust's withdrawal procedures and rights via Perennial's website [www.perennial.net.au](http://www.perennial.net.au), in the next regular communication or as otherwise required by law.

# 13. How we keep you informed

For the most up to date information on your investment with Perennial visit [www.perennial.net.au](http://www.perennial.net.au). At Perennial's website you can:

- Access the PDS and the annual financial reports for the Trust.
- Download application forms, transfer forms and other standard administration forms.
- Monitor unit prices, investment performance, distributions and changes to the Trust.
- Read the latest views and opinions of our investment managers.

You can register to be on our mailing list for our monthly newsletters and investment information by emailing [invest@perennial.net.au](mailto:invest@perennial.net.au).

Specific updates in relation to the Perennial Value Wealth Defender Australian Shares Trust will be published monthly and annually. The Trust's monthly reports include monthly commentary and performance, as well as the Trust's funds under management (FUM) and redemption price, net returns and material changes (if any) to the Trust's risk profile or strategy, key service providers, and key individuals managing the Trust. The annual report will include the Trust's asset allocation, liquidity profile of the assets and the maturity profile of those assets, derivatives used, investment returns and any changes to key service providers.

## Perennial Online

You can view your account information online, via the Perennial Online area of the Perennial website, [www.perennial.net.au](http://www.perennial.net.au). Information available on Perennial Online includes:

- A portfolio summary of the Trust, the number of units, unit price and the current balance of your account(s).
- Your transaction history including initial investment, additional investments, income distributions and withdrawals.

## Registering for Perennial Online

You can access Perennial Online via the home page of the Perennial website, [www.perennial.net.au](http://www.perennial.net.au). Investors who provide Perennial with their email address on the application form will be emailed a confirmation that contains a link to Perennial Online. This link allows you to register a password and gain access to your account. Please keep this password in a safe place.

Please contact a Client Services Representative on 1300 730 032 (+612 8274 2777 New Zealand), if you require assistance with the registration process.

### Confirmation statement

A statement of confirmation will be sent to you for your initial investment, as well as any additional investments, (excluding direct debit requests) withdrawals and changes that you make to your account (such as change in address, distribution instructions).

### Transaction statement

You will receive a transaction statement on a quarterly basis. The transaction statement will provide you with the total value of your investment as at the end of that period, including any switches, withdrawals, investments and distributions received. Along with the transaction statement, you will receive a short commentary and performance summary of the Trust.

### Annual taxation statement

After making any distribution for the period ended 30 June each year, an annual taxation statement will be forwarded to you.

### Distribution statement

A distribution statement will be sent to you in the month following the end of a distribution period, detailing your distribution and current balance.

### Financial report

The annual financial report for the Trust, detailing the financial performance of the Trust for the financial year ending 30 June, can be downloaded from [www.perennial.net.au](http://www.perennial.net.au) after 30 September each year.

### Continuous disclosure

As a disclosing entity, the Trusts are subject to regular reporting and disclosure obligations. The responsible entity intends to comply with ASIC's Good Practice Guidance on continuous disclosure and disclosure notices as soon as practicable on the Perennial website [www.perennial.net.au](http://www.perennial.net.au). The responsible entity will also comply with the continuous disclosure requirements for disclosing entities under the Corporations Act. This means that copies of documents the responsible entity lodges with ASIC may be obtained from or inspected at an ASIC office.

The responsible entity will also send you free, upon request, copies of:

- The most recent annual financial report for the Trust lodged with ASIC.
- Any half year financial reports for the Trust lodged with ASIC after the lodgement of the most recent annual financial report and before the date of the PDS.
- Any continuous disclosure notices lodged for the Trust after the lodgement of the most recent annual financial report and before the date of the PDS.

# 14. Taxation

**WARNING: Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.**

The taxation implications of investing in the Trust can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units on capital account or revenue account.

## Income of the Trust

The Trust has been established as an Australian resident unit trust. It is intended that investors will be presently entitled to all of the income of the Trust for each financial year such that no taxation liability will accrue to PIML. However, the Trust may be required to withhold tax on income distributed to unit holders who are non-residents of Australia or are under a legal disability (e.g. under the age of 18).

The Trust's investments and activities are likely to give rise to interest, dividends, capital gains and losses.

The Taxation of Financial Arrangements ('TOFA') regime is a code for the taxation of gains and losses in relation to financial arrangements. The rules contemplate a number of different methods for bringing to account gains in relation to financial arrangements. Managed investment schemes must apply the TOFA regime if the value of their assets is \$100million or more. Included in the 2016-17 Budget, The Australian Government announced reform to TOFA by introducing simplified accruals and realisation rules. The new rules are proposed to apply to income years on or after 1 January 2018.

## Taxation of Australian Resident investors

Investors are generally subject to tax on their share of the net income of the Trust to which they are presently entitled in each financial year. This will also include amounts that are reinvested in the Trust. The way in which investors are taxed will depend on the character of the income they receive (for example, franked dividends to which franking credits may attach, capital gains, foreign income to which foreign income tax offsets may attach, or interest income).

We will provide you with an annual taxation statement after 30 June each year. The annual taxation statement will outline the tax treatment of the distributions you have received in that income year, including any foreign income tax offsets and franking credit entitlements.

To the extent that an investor's share of the net income of the Trust is attributable to a capital gain made by the Trust, the investor will include the capital gain in their assessable income. Certain investors may be entitled to apply the relevant Capital Gains Tax (CGT) discount to work out the net capital gain to include in their assessable income.

In normal circumstances, you should expect the Trust to derive income and/or capital gains each year.

### **Withdrawals from the Trust and Disposal of Units**

Withdrawal or disposal of a unit in the Trust is the disposal or cancellation of a CGT asset by an investor and a CGT event for tax purposes. To the extent that the proceeds exceed the cost base on the unit, you will make a capital gain. However, if the proceeds are less than your reduced cost base, you will make a capital loss. Generally, a capital loss can only be used to offset against capital gains derived in the current or a future tax year.

Investors may be entitled to a 50% CGT discount (where the investor is an individual or a trust) or a 33.33% CGT discount (where the investor is a complying superannuation fund) if the investor has held the unit for at least 12 months.

Gains and losses realised by an investor who holds their units on revenue account will be taxable as ordinary income or an allowable deduction, as the case may be, and will not qualify for the CGT discount.

### **Non-resident individual unit holders**

The above taxation summary is only for investors who are residents of Australia for tax purposes. The tax treatment of non-resident investors in the Trust depends on the investor's particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and the investor's country of residence. The Trust may be required to withhold tax on part or all of the distributions made to non-resident investors. It is important that non-resident investors seek independent professional taxation advice before investing in the Trust.

### **Goods and Services Tax (GST)**

Unless otherwise stated, the fees quoted in the PDS are inclusive of GST less any expected Reduced Input Tax Credits. The benefits of any tax deductions, including additional input tax credits for GST, are passed on to investors in the form of reduced fees or costs.

### **Tax File Numbers and Australian Business Numbers**

You are not required to quote your Tax File Number (TFN) or, if you have one, an Australian Business Number (ABN)<sup>1</sup> or claim an exemption from providing a TFN. However, if a TFN or ABN is not provided or an exemption is not claimed, PIML is required by law to withhold tax from distributions at the top marginal tax rate plus the Medicare Levy. If you are making this investment on behalf of a business or enterprise you carry on, you may quote your ABN instead of a TFN.

### **Foreign Account Tax Compliance Act (FATCA)**

There are certain consequences that may occur if you apply to invest and you are, or become, a US entity, a US citizen, reside in the US or have some connection with the US. These consequences may potentially be adverse to you. If this applies to you, we encourage you to seek professional taxation advice.

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1. Under AML/CTF Law, disclosure of an ABN is required for those individual investors who are a sole trader. Please refer to Step 6 of the Perennial Trusts application form for further information.

# 15. Additional information

## Constitution of the Trust

The Trust is governed by a constitution. The constitution binds the responsible entity and the unit holders of the Trust. The constitution, together with the Corporations Act, set out the conditions under which the Trust operates and the rights, responsibilities and duties of the responsible entity in respect of the Trust. In particular, the authorised investment and valuation procedures for the Trust, our right to retire and our ability to charge fees and recover expenses are included in the constitution of the Trust.

The responsible entity may alter the constitution of the Trust in certain circumstances if the responsible entity reasonably considers that the change will not adversely affect unit holders' rights. Otherwise, the responsible entity must obtain unit holders' approval by special resolution at a meeting convened for that purpose.

The Trust may be terminated in certain circumstances stated in the constitution, including on exercise of the responsible entity's discretion to terminate the Trust. The Trust may also be terminated and wound up, as provided in the Corporations Act. The constitution contains provisions limiting our need to compensate unit holders. Generally, if we comply with our duties, we will not be required to compensate unit holders for the loss unless the law requires us to. The constitution of the Trust also contains provisions regarding the responsible entity's liabilities and rights for reimbursement out of the Trusts. These provisions include that:

- the responsible entity is not liable for any loss unless it fails to comply with its duties under the Corporations Act;
- the responsible entity can be reimbursed for liabilities and expenses incurred in connection with the proper performance of its duties; and
- the responsible entity is not liable to any unit holder when acting in good faith and acting in reliance of professional advice.

The responsible entity may transfer assets of the Trust to the unit holder rather than pay cash in satisfaction of all or part of a withdrawal request, subject to certain conditions set out in the constitution for the Trust. This may be subject to the conditions that the valuation of these assets be calculated within one month before the date of the proposed transfer, and that the costs associated with the transfer of assets be paid by the unit holder or be deducted from the amount due to the unit holder.

The constitution of the Trust may be inspected at PIML's registered office on a Melbourne business day or we can provide you with a copy on request.

## Unit holders' rights

The Trust may have a number of classes of units. Under the constitution the different unit classes may have different rights and entitlements including different management costs, expenses and distributions. The rights of a unit holder in the Trust are outlined in the constitution for the Trust. The rights of the unit holder in a Trust are also affected by the Corporations Act and exemptions and declarations issued by ASIC.

Some of these rights include the right to:

- withdraw units (please refer to Section 12 for circumstances where the responsible entity can refuse a withdrawal request);
- receive income and capital distributions;
- transfer units, noting that the responsible entity may decline to register any transfer of units in a Trust if any applicable stamp duty payable has not been paid. PIML may refuse any transfer request, without giving reasons, subject to the Corporations Act requirements;
- upon the death of a unit holder, pass ownership of units to a surviving joint holder or where held individually, to the individual's legal personal representative on behalf of their estate;
- participate in distributions upon termination or winding up of the Trust after the Trust's liabilities and expenses have been discharged; and
- call, attend and vote at unit holder meetings.

Each unit a unit holder holds in the Trust gives a unit holder a beneficial interest in the Trust as a whole, but not in any particular asset of the Trust. Holding units in the Trust does not give a unit holder the right to participate in the management or operation of the Trust.

Each unit in a Trust is of equal value and identical rights are attached to all units.

### **Limitation of unit holders' liability**

The liability of unit holders is limited by the constitution of the Trust to the amount, if any, which remains unpaid in relation to their investment. The constitution provides that unit holders shall not be under any personal obligation to indemnify the responsible entity (or its creditors) in respect of the liabilities of the responsible entity in relation to the Trust. However, the responsible entity cannot give an absolute assurance that a unit holder's liability is limited in all circumstances as this issue has not been finally determined in court.

### **Related party contracts**

PIML has appointed Perennial Value as Investment Manager of the Trust. Perennial Value has also been appointed to provide client servicing for the Trust. Perennial Value is a related body corporate of PIML. An investment in the Trust does not represent an investment or deposit or other liability of PIML or Perennial Value. In consideration of Perennial Value providing these services, Perennial Value is entitled to management fees paid by PIML. These fees are not an additional charge to investors.

PIML may terminate the Investment Manager's appointment and remove the Investment Manager by giving written notice if the Investment Manager commits an act of fraud, dishonesty or gross negligence in performing its investment management duties, that constitutes a material breach of its obligations.

### **Indirect investors**

Investors and prospective investors may access the Trust indirectly. This PDS has been authorised for use by operators through an Investor Directed Portfolio Service (IDPS) or master trust. Such indirect investors do not acquire the rights of a unit holder of the Trust. Rather, it is the operator or custodian of the IDPS or master trust that acquires those rights. Therefore, indirect investors do not receive income distributions or reports directly from PIML, do not have the right to attend meetings of unit holders and do not have cooling off rights. Indirect investors should not complete the application form. The rights of indirect investors are set out in the disclosure document for the IDPS or master trust. If you are investing through an IDPS or a master trust, enquiries should be made directly to the IDPS operator or the trustee of the master trust.

### **Complaints resolution**

If you have a complaint (or wish to obtain further information about the status of an existing complaint), please contact us on 1300 730 032 (+612 8274 2777 if calling from New Zealand) or write to us at:

**Perennial Client Services**  
**Perennial Investment Management Limited**  
PO Box R1709  
Royal Exchange NSW 1225

Where possible, concerns will be resolved immediately. If further investigation is required, we will acknowledge your complaint in writing and will consider and deal with your complaint as quickly as possible. We are required by law to deal with your complaint within 45 days.

If you are not satisfied with the decision or response to your complaint, or 45 days have elapsed since you made your complaint, you may contact the Financial Ombudsman Service Limited (FOS) by calling **1800 367 287**, or by writing to FOS at GPO Box 3, Melbourne, VIC 3001.

The dispute resolution process described in this PDS is only available in Australia and is not available in New Zealand.

## Privacy

We recognise the importance of protecting your privacy. Your personal information will be handled in accordance with our privacy policy, which outlines how the information we collect from you is used, stored and disclosed.

We will collect your personal information from the application form you complete when applying for this product.

The main reason we collect, use and/or disclose your personal information, is to provide you with the products and services that you request. This may also include the following related purposes:

- To help your financial adviser provide you with financial advice and ongoing services in relation to your account with us.
- To facilitate internal administration, accounting, research, risk management, compliance and evaluation of Perennial products and services.
- To provide you with information about other products and services that PIML or Perennial offer that may interest you.

We may also disclose your information to external parties some of whom act on your or our behalf. These parties may include:

- Your financial adviser
- Banks or other financial institutions
- Legal and accounting firms, auditors, mail houses, contractors, or others involved with the product
- The Australian Taxation Office
- Other companies within the PIML group.

We are also permitted to collect and disclose your personal information when required or authorised to do so by law. By signing the application form, you agree to us collecting, storing, using and disclosing your personal information.

If you do not provide all the information requested in your application form, we will not be able to accept and process your application.

If you have concerns about the accuracy and completeness of the information we hold, you may request access to your personal information by contacting the Privacy Officer:

Mail: Perennial Investment Management Limited  
PO Box R1709  
Royal Exchange NSW 1225

E-mail: [privacyofficer@perennial.net.au](mailto:privacyofficer@perennial.net.au)

Phone: 1300 730 032

Depending upon the nature of the request, we may have the right to impose a reasonable charge.

To obtain a copy of the PIML privacy policy please contact a Client Services Representative on 1300 730 032 (+612 8274 2777 New Zealand) or through Perennial's website at [www.perennial.net.au](http://www.perennial.net.au).

Indirect investors should refer to the Privacy Policy of the trustee or IDPS operator in which they are an investor.

## Anti-Money Laundering and Counter-Terrorism Financing Legislation (AML/CTF)

In order to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, we may need to obtain additional information before processing applications and withdrawals. This includes information to verify a potential and/or existing investor's identity and any underlying beneficial owner of a potential and/or existing investor, and the source of any payment. Where we request such information from the investor, processing of applications or withdrawals may be delayed until the required information is received in a satisfactory form and the investor identified. PIML may reject any application where such documents are not provided prior to lodgment of, or accompanying, the application form. A transaction may be delayed, blocked, frozen or refused where reasonable grounds are established that the transaction breaches the law or sanctions of Australia or any other country. Where such a transaction is delayed, blocked, frozen or refused, we are not liable for any loss (including consequential loss) to a potential or existing investor. We may require additional information from a potential or existing investor to assist us in identification and verification processes, and we may need to re-verify information. Investors should also be aware that under the legislation we are required to disclose information about suspicious matters to regulatory and/or law enforcement agencies and may be prevented from informing the relevant investor of such disclosure.

# 16. Investment by New Zealand investors

## **New Zealand Warning Statement**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001(Aust) and the regulations made under that Act set out how the offer must be made. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

## **Currency exchange**

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

## **Dispute resolution**

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

## **Investing in New Zealand dollars**

You may invest in the Trust(s) in New Zealand dollars. If contributing in New Zealand dollars you will need to bear in mind both the currency conversion rate and applicable fees when ensuring that your contributions satisfy the applicable minimum thresholds, which are expressed in Australian dollars.

## **Distribution reinvestments**

Units allocated to your account resulting from a distribution reinvestment will be allotted to you in accordance with the terms and conditions set out in the relevant PDS.

The distribution reinvestment plan described in the PDS is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted pursuant to the distribution reinvestment plan is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require us to issue, units will be offered to all investors of the same class, other than those resident outside New Zealand who are excluded so as to avoid breaching overseas laws.
- Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued on the terms disclosed to you, and will be subject to the same rights as units issued to all investors of the same class as you.

You can request from us free of charge copies of the following documents:

- The most recent annual report of the relevant Trust (if any).
- The most recent financial statements of the relevant Trust and, if those statements are not audited or reviewed by an auditor, a statement to that effect.
- The auditor's report on the most recent financial statements of the relevant Trust (if any).
- The current PDS, or a document that contains a description of the distribution reinvestment plan and its terms and conditions.
- The constitutions of the Trust(s) and any applicable amendments.

Copies of these documents can be obtained free of charge by contacting a Client Services Representative on +612 8274 2777. You can also obtain copies of these documents by electronic means, by visiting Perennial's website at [www.perennial.net.au](http://www.perennial.net.au) or emailing us at [invest@perennial.net.au](mailto:invest@perennial.net.au).

A distribution statement will be sent to you within 30 days from the date of the reinvestment of units, which will include the amount of the distribution and the number of units that have been allotted to you. If you are a New Zealand resident investing in the Trust(s), any distributions not reinvested will be paid to you in Australian dollars.

### Withdrawals

Withdrawals will be paid to an Australian financial institution account or by Australian dollar cheque upon request.

### Distribution payments

You may choose to have distribution paid to your nominated Australian financial institution account. If no account is nominated, this will be taken as a direction to reinvest distributions in the Trust from which the income was received.

### Service Documents

Should you wish to serve us with documents, you can do so by delivering them to:

Kensington Swan Level 9,  
89 The Terrace PO Box  
10 246 Wellington 6143  
New Zealand

# 17. Glossary

Term	Definition
<b>AFSL</b>	Australian Financial Services Licence which is issued by ASIC under the Corporations Act which among other things, permits the issuing of financial products or the giving of financial product advice.
<b>AML/CTF Law</b>	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 all subordinate legislation in respect of that Act, as amended from time to time.
<b>APIR code</b>	A standard identifier for managed funds.
<b>ASIC</b>	Australian Securities and Investment Commission.
<b>Asset allocation</b>	The allocation of a portfolio value across various asset classes.
<b>ATO</b>	Australian Taxation Office.
<b>Benchmark</b>	S&P/ASX 300 Accumulation Index.
<b>Business day</b>	A day other than a Saturday, Sunday or a public holiday in Melbourne.
<b>Buy/Sell spread</b>	The difference between the entry and exit prices of the Trust. It is an estimate of the costs incurred when buying and selling the underlying securities in the Trust (such as transaction and any clearing and settlement costs).
<b>Constitution</b>	The constitution of the Trust.
<b>Derivatives</b>	Contracts that call for money to change hands at some future date, where the amount depends on, or is derived from, another security, liability or index, e.g. the underlying asset. For example, a contract might specify that one person can buy an item from the other at today's price in six months' time, regardless of the market price.
<b>Financial Adviser</b>	The term financial adviser in this PDS refers to an AFS Licensee or a representative of an AFS Licensee, as defined in the Corporations Act.
<b>Franking or imputation credit</b>	Company/share dividends paid out of profits on which the company has already paid tax. The investor is then entitled to a reduction in income tax for that amount (which is referred to as a franking or imputation credit).
<b>Futures</b>	Contracts/agreements to buy or sell a specified asset, at a future date, at an agreed time and agreed price determined when the contract is executed. Futures are a type of derivative.
<b>GST</b>	The goods and services tax as imposed by A New Tax System (Cth) together with any related interest, penalties, fines or other charges.
<b>Hedge</b>	Taking steps to protect against or reduce the risk of a loss, but which might also reduce the potential gain. In terms of investments, this usually involves either buying or selling one investment to protect against loss in another.

Term	Definition
<b>IDPS</b>	Investor Directed Portfolio Service and includes an IDPS-like scheme.
<b>Illiquid</b>	Under the Corporations Act, a trust is illiquid if it has less than 80% liquid assets (cash and marketable securities).
<b>PIML</b>	Perennial Investment Management Limited, ABN 13 108 747 637.
<b>Income Tax Legislation</b>	Means the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 and associated regulations.
<b>Investment manager</b>	Perennial Value Management Limited, ABN 22 090 879 904, AFSL 247293.
<b>Liquid assets</b>	Assets that can be readily converted into cash.
<b>Long position</b>	Purchasing a stock with the expectation that it is going to rise in value.
<b>Net Trust Value (also referred to as net asset value)</b>	The value of the assets less the liabilities of the Trust as calculated in accordance with the terms of the constitution.
<b>Perennial trusts</b>	A range of trusts issued by PIML and for which Perennial is the Investment Manager.
<b>Perennial Value Management and Perennial Value</b>	Perennial Value Management Limited, ABN 22 090 879 904, AFSL 247293.
<b>Perennial Online</b>	An online facility (available from <a href="http://www.perennial.net.au">www.perennial.net.au</a> ) which allows investors to access their account information for this and other Perennial trusts.
<b>Reduced input tax credits (RITC)</b>	Refers to a portion of the GST that can be claimed back from the ATO in certain circumstances.
<b>Responsible entity</b>	Perennial Investment Management Limited, ABN 13 108 747 637.
<b>Trust</b>	Perennial Value Wealth Defender Australian Shares Trust, ARSN 168 966 701.
<b>Value style investing</b>	A style of investing that searches for companies that are believed to be undervalued. The assumption behind value investing is that the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The goal is to purchase undervalued stocks that possess sustainable businesses, as they will ultimately be re-rated to overall market multiples.



# Perennial Value Wealth Defender

Australian Shares Trust

## Contact details

### Responsible Entity

Perennial Investment  
Management Limited

Registered Office  
Level 27, 88 Phillip Street  
Sydney NSW 2000

Phone  
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### Investment Manager

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