

INVESTMENT PORTFOLIO UPDATE & NTA REPORT

April 2017

**WEALTH DEFENDER EQUITIES
AS AT 30 APRIL 2017**
Investment Objective

The Company aims to outperform the S&P/ASX 300 Accumulation Index by investing in a diversified portfolio of predominantly Australian shares while using protection strategies including derivatives and cash to dynamically protect the portfolio through market cycles, thereby reducing the magnitude of negative returns when equity markets fall significantly.

ASX Code:

WDE

Net Tangible Assets (NTA)

NTA before tax: \$0.9321[Ⓟ]
NTA after tax: \$0.9615[Ⓟ]

Listing Date:

21 May 2015

Shares on Issue

126.3 million

Share Price

\$0.81

Dividend Frequency

Half Yearly subject to available profits and cash flow.

Number of Stocks

Range: 35 to 100

Cash Limits

0 to 50%

Suggested Investment Timeframe

5+ years

[Ⓟ] The NTA per share is at 30 April 2017. The after tax numbers relate to the provision for deferred tax on the unrealised gains and losses in the Company's investment portfolio.

INVESTOR CONTACTS

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INVESTMENT OVERVIEW & PERFORMANCE

| NTA PERFORMANCE AS AT 30 APRIL 2017 | 1 MONTH % | 3 MONTHS % | FYTD % | 1 YEAR % | SINCE INCEPTION [^] % P.A |
|-------------------------------------|-----------|------------|--------|----------|------------------------------------|
| S&P/ASX 300 Accumulation Index | 0.98 | 6.57 | 16.78 | 17.50 | 7.34 |
| Wealth Defender Equities* | -0.25 | 3.10 | 10.72 | 7.97 | -0.08 |

*Returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account of all operating expenses (including management fees) and assuming reinvestment of dividends. [^] Inception date 21 May 2015. Performance is annualised. Past performance is not a reliable indicator of future performance.

- The market continued its rally in April, with the S&P/ASX300 Accumulation Index (the Index) up 0.98%.
- Industrials rose 1.5%, while resources eased 1.6%.
- Defensive sectors of the market tended to outperform.

In line with the objective, the portfolio aims to invest in a diversified portfolio of financially sound companies and to carry a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.

| CONTRIBUTION TO RETURN AS AT 30 APRIL 2017 | 1 MONTH % | 3 MONTHS % | FYTD % | 1 YEAR % | SINCE INCEPTION [^] % P.A |
|--|-----------|------------|--------|----------|------------------------------------|
| Portfolio Gross Return (WDE) [Ⓢ] | -0.12 | 3.53 | 12.24 | 9.86 | 1.71 |
| Stock Portfolio [#] | 0.09 | 4.13 | 15.83 | 14.13 | 4.05 |
| Protection Portfolio [#] | -0.21 | -0.60 | -3.59 | -4.27 | -2.34 |

[Ⓢ] Gross Investment Portfolio performance before fees and tax.

[#] Contribution to Return.

[^] Inception date 21 May 2015. Performance is annualised.

MARKET ACTIVITY

Global markets were mixed, with the S&P500 (up 0.9%) and Nikkei 225 (up 1.5%) rising, while the FTSE100 (down 1.6%) and Shanghai Composite (down 2.1%) declined. Commodity prices were generally softer, with iron ore (down 16%), oil (down 7.0%), copper (down 4.0%) and thermal coal (down 1.0%). Coking coal (up 62.0%) was the exception, rallying as a result of supply disruptions from the recent cyclones and gold also rose 2.0%. The Reserve Bank of Australia left the cash rate steady at 1.5% and the Australian Dollar finished the month down one cent at 75 US cents.

During April, the better performing sectors included industrials (up 4.1%), information technology (up 3.5%), healthcare (up 3.4%), utilities (up 3.1%), REITs (up 2.6%) and financials (up 1.9%). Telecommunications (down 9.5%) was the worst performing sector, with consumer staples (down 2.5%), metals & mining (down 2.0%) and energy (down 0.6%) also lagging.

PORTFOLIO UPDATE

The better performing stocks in the portfolio included Iluka Resources (up 10.2%), which rallied after providing positive commentary at their annual general meeting, indicating a clear improvement in conditions in the mineral sands market. Clydesdale Bank (up 7.1%) rallied as the British Pound strengthened following the upgrading of UK gross domestic product forecasts and the calling of an early election, which was perceived to improve the likely outcome of Brexit negotiations. Henderson Group (up 5.8%), also benefitted from this improved UK outlook as well as reporting that funds flows had improved. Other strong performers included Crown Resorts (up 5.8%), Orica (up 5.3%) and Amcor (up 4.3%). Suncorp (up 4.5%) rallied on continuing evidence of improvement in premium pricing. This follows a prolonged period of intense price competition in the industry.

INVESTMENT PORTFOLIO UPDATE & NTA REPORT

April 2017

Stocks which detracted from performance included Vocus Group (down 20.6%), which is currently grappling with integration issues following a number of recent mergers. While these have had a negative impact on current earnings, the company should be well-placed to grow over the medium term. Other stocks which detracted from performance, included Newcrest (down 5.0%) following a seismic event which has temporarily disrupted production at its Cadia (NSW) operations, Graincorp (down 1.9%) and BHP (down 1.3%).

In recent months, the cost of running the protection overlay has been relatively low, with volatility, both realised and as measured by the VIX, running at low levels.

OUTLOOK

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

The market was not pricing a high risk of a Le Pen victory so we maintained the normal levels of portfolio protection.

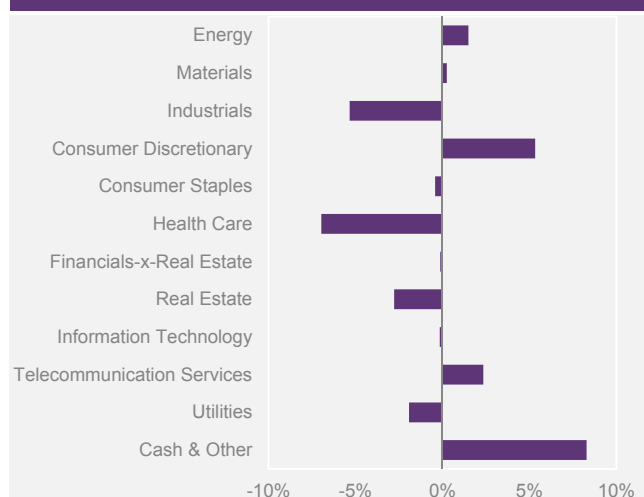
As always, our focus will continue to be on investing in quality companies which are offering attractive valuations, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.

TOP 20 HOLDINGS

| Stock name | Portfolio Weight % | Index Weight % | Active Weight % |
|-----------------------------|--------------------|----------------|-----------------|
| Commonwealth Bank | 6.1 | 9.4 | -3.3 |
| BHP Billiton Limited | 6.1 | 4.7 | 1.3 |
| National Australia Bank | 6.0 | 5.7 | 0.4 |
| Westpac Banking Corporation | 5.0 | 7.3 | -2.3 |
| ANZ Banking Grp Limited | 4.3 | 6.0 | -1.7 |
| AMP Limited | 3.2 | 1.0 | 2.2 |
| Woodside Petroleum | 3.1 | 1.5 | 1.6 |
| Crown Resorts Limited | 3.0 | 0.3 | 2.7 |
| Telstra Corporation | 3.0 | 3.1 | -0.1 |
| Suncorp Group Limited | 2.9 | 1.1 | 1.8 |
| Macquarie Group Limited | 2.9 | 2.0 | 1.0 |
| Woolworths Limited | 2.8 | 2.2 | 0.6 |
| Caltex Australia | 2.3 | 0.5 | 1.9 |
| Cybg PLC | 2.3 | 0.2 | 2.1 |
| Amcor Limited | 2.3 | 1.1 | 1.1 |
| Gateway Lifestyle | 2.2 | 0.0 | 2.1 |
| Henderson Group | 2.0 | 0.2 | 1.8 |
| Westfield Corp | 2.0 | 1.1 | 0.9 |
| Wesfarmers Limited | 1.9 | 3.0 | -1.1 |
| Vocus Group Limited | 1.9 | 0.1 | 1.8 |

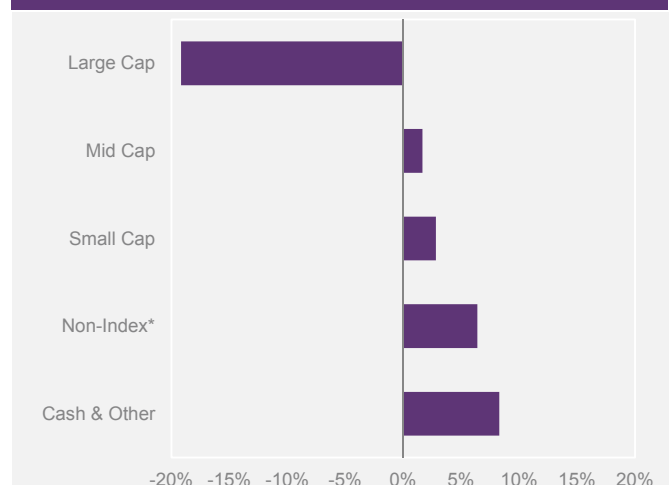
Source: Perennial Value Management

SECTOR ACTIVE WEIGHTS



Source: Perennial Value Management

SIZE SECTOR ACTIVE WEIGHTS



*Active weight to stocks not included in the S&P/ASX300 Accumulation Index

Source: Perennial Value Management