

INVESTMENT PORTFOLIO UPDATE & NTA REPORT

OCTOBER 2017

**WEALTH DEFENDER EQUITIES
AS AT 31 OCTOBER 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: \$0.9406[ⓑ]
NTA after tax: \$0.9691[ⓑ]

Listing Date:

21 May 2015

Shares on Issue

126.5 million

Share Price

\$0.86

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 31 October 2017. The after tax numbers relate to the provision for deferred tax on the unrealised gains and losses in the Company's investment portfolio.

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INVESTMENT OVERVIEW & PERFORMANCE

NTA PERFORMANCE AS AT 31 OCTOBER 2017	1 MONTH %	3 MONTHS %	FYTD %	1 YEAR %	SINCE INCEPTION [^] % P.A
S&P/ASX 300 Accumulation Index	4.02	4.83	4.85	15.92	6.73
Wealth Defender Equities*	3.27	2.67	3.39	10.00	0.75

*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 roared back to life in October, to finish the month +4.0%, bringing the total return for the last twelve months to a very healthy 15.9%.
- The rally was broad-based, with industrials, banks and resources sectors all posting positive returns.
- The portfolio has delivered a solid gross total return of +11.8% over the past twelve months, while at all times, being well protected in the event of a major market downturn.

CONTRIBUTION TO RETURN AS AT 31 OCTOBER 2017	1 MONTH %	3 MONTHS %	FYTD %	1 YEAR %	SINCE INCEPTION [^] % P.A
Portfolio Gross Return (WDE) [ⓐ]	3.40	3.08	3.94	11.78	2.51
Stock Portfolio [#]	3.64	3.93	4.93	14.62	4.90
Protection Portfolio [#]	-0.24	-0.85	-0.99	-2.84	-2.39

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

[#] Contribution to Return.

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

MARKET ACTIVITY

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

PORTFOLIO UPDATE

Better performing holdings over the month included Macquarie Group (+8.2%), which rose after delivering a stronger than expected first half profit result. Caltex (+6.7%) rose as questions grow around whether the ACCC will approve the sale of Woolworths' petrol stations to BP. Should this deal be opposed, it would be a significant positive for Caltex which would retain the fuel supply agreement.

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Clydesdale Bank (+5.6%) rose on the expectations of interest rate rises in the UK, which would benefit its earnings and Woodside Petroleum (+5.6%) lifted on the higher oil price. Tabcorp (+5.2%) rallied after indicating that operating conditions were improving. Several small cap holdings performed very strongly, including Alliance Aviation (+25.4%), HFA (+13.8%), Life Healthcare (+13.7%), RPM Global (+13.1%) and Seven Group Holdings (+10.5%). Stocks which delivered negative returns were Lendlease (-9.5%), which fell after revealing cost overruns in its construction division, Fleetwood (-9.2%), Perpetual (-6.4%), National Veterinary Care (-3.3%) and Westfield (-0.9%).

The protection portfolio continues to provide significant protection in the event of a significant market fall. During October, the low level of implied volatility meant the cost of protection was quite low, particularly in the context of the market strength.

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.

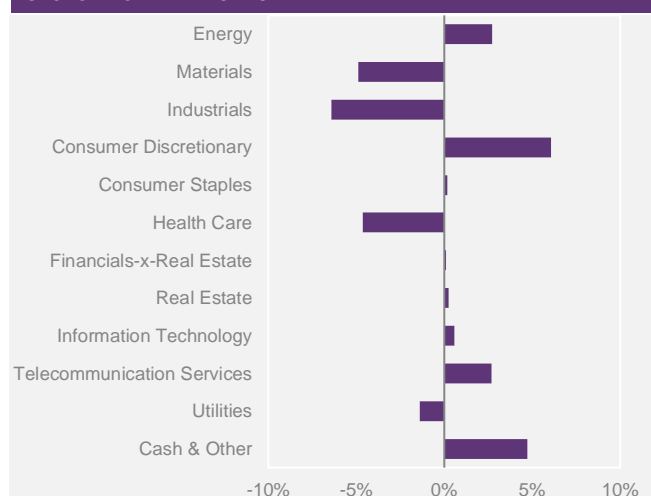
As always, our focus will continue to be on investing in quality companies which are offering attractive valuations, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls.

TOP 20 HOLDINGS

Stock name	Portfolio Weight %	Index Weight %	Active Weight %
Commonwealth Bank	7.7	8.5	-0.8
Westpac Banking Corporation	7.7	7.0	0.7
BHP Billiton Limited	6.6	5.3	1.3
National Australia Bank	6.4	5.5	0.9
ANZ Banking Group Limited	6.2	5.5	0.8
Woodside Petroleum	3.4	1.4	2.0
Telstra Corporation	3.1	2.6	0.5
Suncorp Group Limited	3.0	1.1	1.9
Macquarie Group Limited	3.0	1.9	1.0
Woolworths Limited	2.9	2.1	0.8
Caltex Australia	2.7	0.6	2.1
Gateway Lifestyle	2.6	0.0	2.6
Rio Tinto Limited	2.6	1.8	0.7
AMP Limited	2.4	0.9	1.5
Westfield Corp	2.2	0.9	1.3
CYBG PLC	2.1	0.2	1.9
Vocus Group Limited	1.8	0.1	1.7
TABCORP Holdings Limited	1.7	0.2	1.5
GrainCorp Limited	1.6	0.1	1.5
Crown Resorts Limited	1.5	0.3	1.3

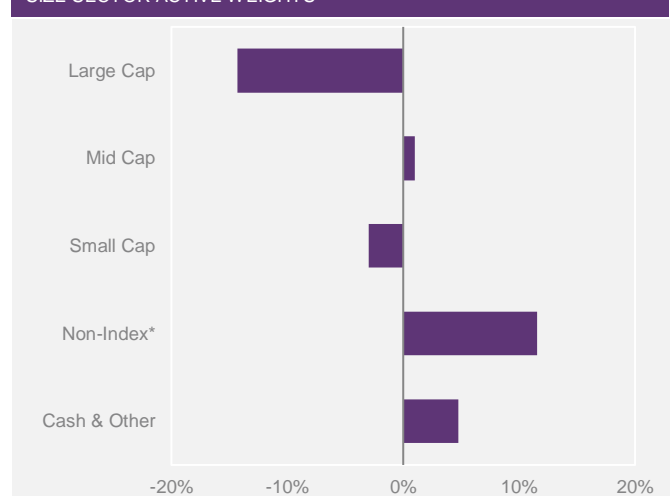
Source: Perennial Value Management

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