



Perpetual Property Securities Fund

June 2010

Fund facts

Investment objective: Aims to provide long-term capital growth and income by investing in listed property related securities.

Benchmark: S&P/ASX 300 A-REIT Accumulation Index[^]

Mgmt cost: 1.80%

Buy / Sell spread: 0.30% / 0.00%

Investment style: Active, fundamental, bottom-up, value

Suggested minimum investment period: Seven years or longer

Fund benefits

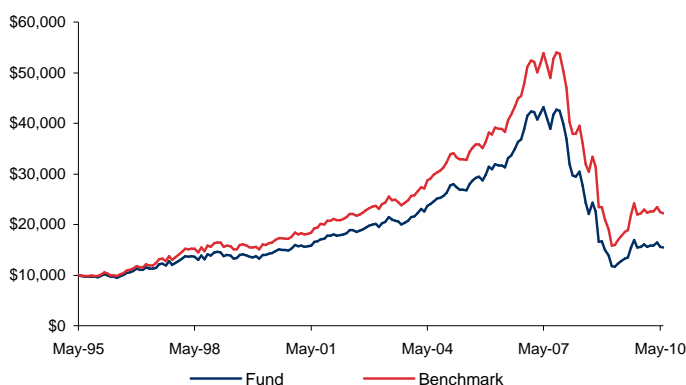
Offers investors actively managed and highly liquid access to the potential long-term growth in property markets, without having to hold and manage physical property assets. Also helps investors to diversify property exposure away from purely residential to commercial, retail, industrial and leisure property.

Total returns % (after fees) as at 30 June 2010

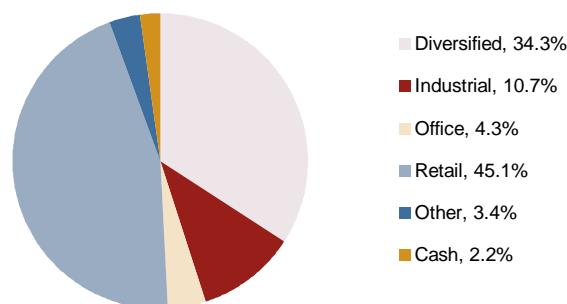
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0240AU	-1.2	-2.3	-3.8	16.9	-27.6	-11.2	-	-
Perp. WealthFocus Investment Advantage	PER0037AU	-1.1	-2.3	-4.0	16.8	-27.7	-11.2	-4.2	0.5
Perp. WealthFocus Super	PER0026AU	-1.5	-2.6	-3.8	13.4	-25.1	-9.7	-3.4	0.9
Perp. WealthFocus Pensions	PER0007AU	-1.1	-2.3	-3.9	16.5	-27.4	-10.9	-4.0	0.7
Perp. WealthFocus Term Allocated Pension	PER0345AU	-1.1	-2.3	-3.9	16.5	-27.4	-10.9	-4.0	0.7
S&P/ASX 300 A-REIT Accumulation Index [^]		-1.0	-1.5	-3.2	20.3	-24.3	-8.3	-1.5	2.8

Past performance is not indicative of future performance.

Growth of \$10,000 since inception (WFI Fund)



Portfolio sectors¹



Top 10 stock holdings¹

Westfield Group
Stockland
Mirvac Group
Goodman Group
CFS Retail Property Trust
GPT Group
Dexus Property Group
ING Industrial Fund
ING Office Fund
Charter Hall Group

Portfolio fundamentals¹

	Portfolio	Benchmark
Price / Earnings	12.5	13.7
Dividend yield	6.1%	5.5%
Price / Book	0.9	1.1
Debt / Equity	46.3%	48.7%
Interest cover	4.0	3.7
Return on Equity	7.4%	7.3%

¹Source: Factset

Market commentary

The property sector ended the month lower with the S&P/ASX 300 Property Accumulation Index returning -1.0%. Despite the drop, property outperformed the broader market. Industrial was the key outperformer, led by Goodman Group (+3.7%) which established, via a joint venture, two new investment vehicles in Europe and the UK. This builds on its momentum from last month when they announced an agreement to undertake some developments in China. Westfield was a key underperformer (-4.4%) due to concerns about the recovery in the US.

The strongest performing trust in the index was Challenger Diversified Property Group (+8.3%). The company rallied after stating that they expect the value of their properties to increase and that they had reduced their gearing. Centro Properties Group (-28.9%), which remains in financial distress, was the weakest performing trust in the index due to unfavourable currency movements in previous months.

Portfolio commentary

Positions that contributed to the portfolio's performance over the month included its underweight position in Westfield Group (-4.4%), lack of holdings in Centro Retail Group (-23.8%) and overweight position in Goodman Group (+3.7%). Centro Retail Group was sold down in line with Centro Properties Group due to previous falls in the Australian dollar. This puts pressure on their gearing covenants.

Our underweight position in GPT Group (+6.4%), Commonwealth Property Office Fund (+3.5%) and Dexus Property Group (+2.4%) detracted from performance. GPT Group, which remains in favour because of its domestic focus, benefited from speculation that their guidance may be conservative. Meanwhile, Commonwealth Property Office Fund, benefited from its status as the only trust that just holds A Grade Australian office assets. This makes it popular with offshore investors who desire such an exposure. Dexus Property Group rallied after a tour of its US assets improved sentiment.

Outlook

The rally from the lows seen early last year demonstrates the strong upside in the A-REIT sector, particularly now that gearing levels and capital structures have broadly been addressed. However it is still important to carefully choose which securities to invest in. Some still have direct assets in offshore markets, many of which are still falling. While these falls may present opportunities for the astute investor, they present a very large problem for their current owners.

We believe in this environment that our insistence on holding quality trusts at attractive valuations will enable investors to benefit from the continued upswing in the sector, while minimising the risks associated with some of the more speculative vehicles.

What are...?

Property securities funds invest in listed property trusts that are managed by specialists. These trusts own different types of property such as industrial (eg. factories), commercial (eg. office buildings), retail (eg. shopping centres), leisure (eg. hotels and resorts) and residential. They offer liquidity, diversification and expert management that you cannot get with direct investment in residential property.

Why Perpetual

Perpetual is one of Australia's most experienced investment services groups, with an enduring passion for protecting and growing our clients' wealth.

Founded in Sydney in 1886 as Perpetual Trustees, we've helped generations of Australians invest and manage their wealth through all market conditions.

Perpetual process

Perpetual's investment philosophy is a fundamental, conservative bottom-up approach to stock picking and active management, focusing on identifying quality companies that represent good value.

The process is based on comprehensive internal company research using four filters - sound management, conservative debt, quality of business and recurring earnings. Portfolios are constructed by experienced portfolio managers within a pre-determined risk framework.

Did you know?

This Fund can invest opportunistically up to 20% in property related stocks listed on recognised stock exchanges across Asia. This provides opportunities outside the concentrated Australian listed property market which currently consists of only 25 property securities within the ASX 300 index. One security, Westfield Group, dominates the market by making up nearly 40% of this index.

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*No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds). Past performance is not indicative of future performance.

^ Benchmark prior to 1/4/2000 was the ASX Property Trust Accumulation Index. From 1/4/2000 to 30/6/2002 it was the S&P/ASX 200 Property Accumulation Index. From 1/7/2002 to present it is the S&P/ASX 300 Property Trusts Accumulation Index.

¹ Fund information in this document is relevant to the Wholesale option unless stated.

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