



Perpetual Industrial Share Fund

June 2010

Fund facts

Investment objective: Aims to provide long-term capital growth and income through investment in quality Australian industrial shares and other securities.

Benchmark: S&P/ASX 300 Industrials Accumulation Index[^]

Mgmt cost: 1.95%

Buy / Sell spread: 0.15% / 0.15%

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

Suggested minimum investment period: Five years or longer

Fund benefits

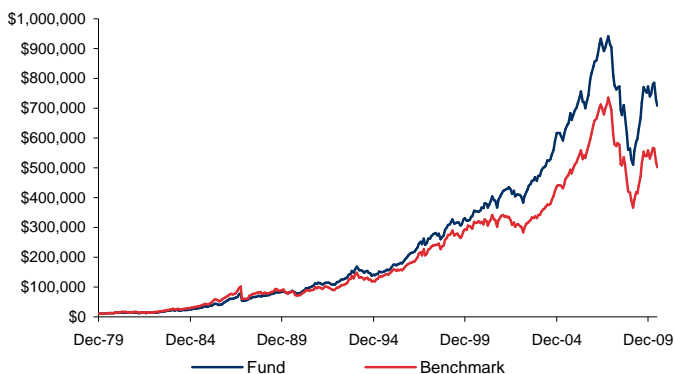
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares. Investors have been benefitting from this strategy since 1966.

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

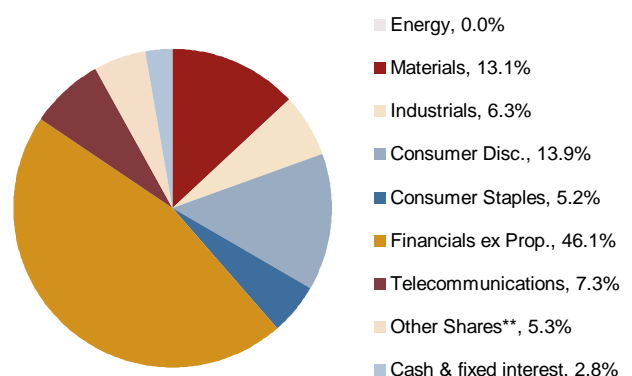
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0011AU	-2.6	-9.4	-8.3	12.5	-8.1	2.4	7.1	7.1
Perp. WealthFocus Investment Advantage	PER0028AU	-2.6	-9.4	-8.3	12.4	-8.3	2.2	7.0	7.0
Perp. WealthFocus Super	PER0023AU	-2.4	-8.2	-7.0	15.8	-5.8	3.8	8.1	7.8
Perp. WealthFocus Pensions	PER0010AU	-2.6	-9.0	-7.5	13.7	-6.4	4.1	8.9	8.7
Perp. WealthFocus Term Allocated Pension	PER0342AU	-2.6	-9.0	-7.5	13.7	-6.4	4.1	8.9	8.7
S&P/ASX 300 Industrial Accumulation Index [^]		-3.2	-11.3	-10.1	14.5	-10.5	1.7	6.7	4.7

Please note: Performance for Perpetual's complete list of investment funds is available on www.perpetual.com.au. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

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



Portfolio sectors¹



Top 10 stock holdings¹

Commonwealth Bank of Australia
Westpac Banking Corporation
ANZ Banking Group Limited
Telstra Corporation Limited
Orica Limited
National Australia Bank Limited
News Corporation
Woolworths Limited
Fletcher Building Limited
Reece Australia Limited

Portfolio fundamentals¹

	Portfolio	Benchmark
Price / Earnings	11.4	11.7
Dividend yield	5.7%	5.8%
Price / Book	1.6	1.8
Debt / Equity	39.5%	47.0%
Interest cover	8.4	6.1
Return on Equity	14.6%	12.7%

¹Source: Factset

Market commentary

The S&P/ASX 300 Industrials Accumulation Index fell by 3.2% over the month, the third consecutive decline since March. Concerns over global growth, particularly the possibility of a slowdown in China and the United States continued to create volatility. Ongoing issues with European sovereign debt also impacted local sentiment. Overall, the Index returned 14.5% over the 2009/2010 financial year.

In major news, Kevin Rudd was ousted by Julia Gillard as Australia's new Prime Minister. This quickly led to a compromise on the resources super profits tax and a better outcome for resources and equity markets generally. Telstra reached an agreement with the NBN Co to participate in the rollout of the fixed national broadband network. The transaction is worth \$11 billion and includes payment for the decommissioning of Telstra's copper network and use of its infrastructure.

Most sectors experienced negative returns over the month. Only telecommunications (9.2%), utilities (1.9%) and consumer staples (0.6%) returned positive numbers. The worst performing sectors were industrials (-7.0%), financials (-5.4%) and consumer discretionary (-5.1%). As a group, resource companies (-1.3%) outperformed industrial companies (-3.2%).

Portfolio commentary

Stocks the Fund is currently overweight include Orica, Fletcher Building and News Corporation. Orica is well positioned to grow earnings over the next two years and will benefit from greater focus once Dulux has been spun off. Fletcher Building should benefit as New Zealand infrastructure and residential construction gains further traction. The Fund's underweight positions include National Australia Bank, Wesfarmers and Westfield Group Australia.

Our overweight position to telecommunications giant Telstra Corporation (+10.5%) contributed to relative performance. Telstra reached an agreement with the NBN Co to participate in the rollout of the fixed national broadband network. The transaction is worth \$11 billion and includes payment for the decommissioning of Telstra's copper network and cable broadband service, and use of its infrastructure. Payments would be made progressively to Telstra. The agreement provides the framework for definitive agreements to be negotiated over the coming months and is a significant step towards the Government's vision for high-speed broadband.

Our overweight position to Australia's oldest bank Westpac Banking Corporation (-7.5%) detracted from relative performance. Over the month the company was impacted by concerns of net interest margin compression resulting from funding an expanded mortgage book in a market now influenced by liquidity rationing. Despite these headwinds, we feel Westpac is one of the higher quality banks. We are comfortable with our exposure to the company and believe it is well placed to deliver profit and dividend growth into 2011.

Outlook

Value is emerging in the Australian share market with current volatility providing opportunity to acquire selected quality companies at more attractive valuations. Global growth concerns continue to impact market sentiment, as the sovereign debt problems in Europe and signs of possible slowing in China and the United States persevere. We continue to search for quality companies with strong balance sheets, sound management and a history of recurring earnings for inclusion into the portfolio.

What are...?

Industrial shares are companies that are engaged in the production or sale of goods or services, as distinct from resource or mining stocks. Industrial shares make up approximately two thirds of the Australian sharemarket by market capitalisation.

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 is one of Australia's longest running domestic share funds, with a retail version established in 1966. It has been offering investors long-term growth and regular income for over 40 years. The average income per annum has been approximately 6.8%.

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** Other Shares may include Healthcare, Property Trusts, Information Technology, Utilities and GICS unspecified/international stocks.

^ Benchmark prior to 1/4/2000 was the ASX All Industrials Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Industrials Accumulation Index.

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

INVESTING FOR GENERATIONS



Further information

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