

Perpetual Concentrated Equity Fund

June 2010

Fund facts

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

Benchmark: S&P/ASX 300 Accumulation Index[^]
Mgmt cost: 1.95%
Buy / Sell spread: 0.30% / 0.00%
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

Fund benefits

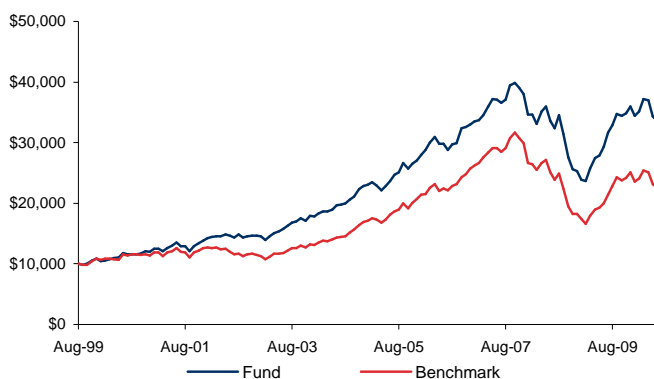
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

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

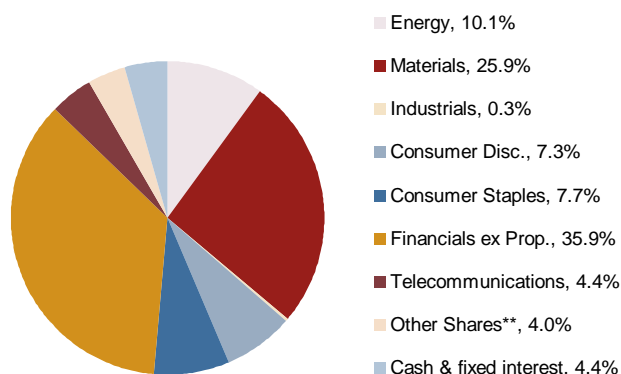
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0237AU	-2.2	-9.8	-7.0	13.7	-4.1	6.2	-	-
Perp. WealthFocus Investment Advantage	PER0488AU	-2.2	-9.8	-6.9	13.1	-	-	-	-
Perp. WealthFocus Super	PER0221AU	-2.0	-8.9	-5.6	13.6	-2.5	7.1	-	-
Perp. WealthFocus Pensions	PER0145AU	-2.2	-9.9	-6.3	15.1	-2.5	7.8	-	-
Perp. WealthFocus Term Allocated Pension	PER0336AU	-2.2	-9.9	-6.3	15.1	-2.5	7.8	-	-
S&P/ASX 300 Accumulation Index [^]		-2.6	-11.2	-10.1	13.1	-8.0	4.5	-	-

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
BHP Billiton Limited
Westpac Banking Corporation
Coal & Allied Industries Limited
Orica Limited
Telstra Corporation Limited
Rio Tinto Limited
Computershare Limited
Foster's Group Limited
ANZ Banking Group Limited

Portfolio fundamentals¹

	Portfolio	Benchmark
Price / Earnings	10.9	10.8
Dividend yield	5.1%	4.5%
Price / Book	2.0	2.0
Debt / Equity	25.7%	34.4%
Interest cover	17.4	11.3
Return on Equity	18.3%	14.8%

¹Source: Factset

Market commentary

The Australian market, as measured by the S&P/ASX 300 Accumulation Index fell by 2.6% 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 market returned 13.1% over the 2009/2010 financial year.

In major news, Julia Gillard ousted Kevin Rudd as Australia's new Prime Minister. This quickly led to a compromise on the resources super profits tax and a better outcome for resource companies 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 Coal & Allied Industries, Orica and Commonwealth Bank of Australia. Coal & Allied is attractively valued with a strong balance sheet and sound management. Orica is well positioned to grow earnings over the next two years and will benefit from greater focus once Dulux has been spun off. The Fund's underweight positions include National Australia Bank, Wesfarmers and Westfield Group Australia.

Our overweight position to coal mining company and Rio Tinto subsidiary Coal & Allied Industries (+3.3%) contributed to relative performance. The company is looking to increase coal production in the Hunter Valley and has expansion plans at all of its sites. India in particular and China have a massive demand for thermal coal. Semi soft pricing is very strong and is expected to remain so for some time. Additionally, port and rail capacity will no longer constrain the Hunter Valley as miners now have a contractual alignment on infrastructure to control expansions.

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. However, risks to short term earnings do remain as global growth concerns continue to impact market sentiment. The new deal revealed by the Government on the resources tax is much less onerous for the Australian mining industry. The impact of the tax on valuations is now estimated to be in the range of 0-5% instead of the 10-15% originally forecast. This resolution will provide greater certainty for equity markets. 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...?

A concentrated fund typically has a smaller number of stocks than a broader equities fund. The stocks that are invested in are usually those that the portfolio manager has the highest conviction in. A smaller number of stocks may result in a more volatile performance experience.

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?

John Sevier has been the Portfolio Manager for this Fund since its inception. He is one of the most experienced investment managers in Australia and has been with Perpetual for over 15 years. He leads one of the largest and most respected investment teams in the market.

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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 taking into account all 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.

** 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 Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index.

Perpetual's Wealthfocus Investment, Super and Pension Funds also include a Concentrated Share Fund / Investment Option and the information in this document, with the exception of performance, is relevant to these Funds / Investment Options unless stated.

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

INVESTING FOR GENERATIONS



Further information

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