



Perpetual International Share Fund

June 2010

Fund facts

Investment objective: Aims to provide long-term capital growth through investment in quality global shares.

Benchmark: MSCI World ex Australia Accumulation Index

Mgmt cost: 2.15%

Buy / Sell spread: 0.50% / 0.00%

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

Suggested minimum investment period: Five years or longer

Fund benefits

Offers investors access to returns from companies overseas. Investing internationally allows investors the ability to diversify their portfolio, reducing overall volatility and smoothing out their investment returns.

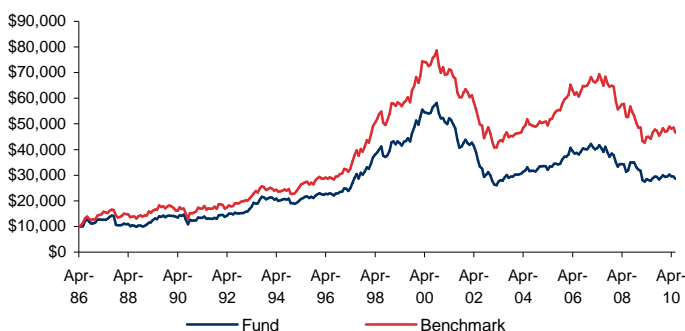
The International Share Fund is managed using the same core Perpetual philosophies of investing in quality companies representing good value.

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

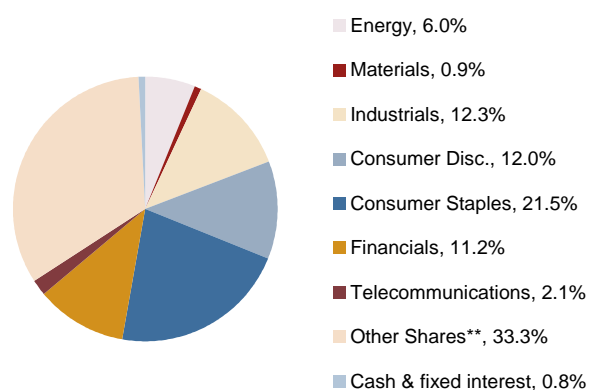
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0031AU	-3.2	-5.4	-4.8	2.6	-11.0	-3.1	0.4	-6.2
Perp. WealthFocus Investment Advantage	PER0038AU	-3.2	-5.3	-4.8	2.6	-11.0	-3.1	0.3	-6.2
Perp. WealthFocus Super	PER0024AU	-2.9	-4.8	-4.3	2.7	-9.6	-2.5	1.6	-5.0
Perp. WealthFocus Pensions	PER0130AU	-3.2	-5.3	-4.7	2.5	-11.0	-3.1	0.4	-
Perp. WealthFocus Term Allocated Pension	PER0343AU	-3.2	-5.3	-4.7	2.5	-11.0	-3.1	0.4	-
MSCI World ex Australia Accumulation Index		-4.1	-4.8	-3.7	5.2	-11.5	-2.2	1.1	-4.3

Past performance is not indicative of future performance.

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



Portfolio sectors¹



Top 10 stock holdings¹

Weights (%)

Nestle SA	4.5
Johnson and Johnson	3.9
Wal Mart Stores Inc	3.5
Novartis	3.5
Philip Morris International Inc	3.4
Total SA	3.0
Hewlett Packard Company	2.5
General Dynamics Corporation	2.3
Emerson Electric Co	2.2
Automatic Data Processing Inc	2.1

Portfolio fundamentals¹

	Portfolio	Benchmark
Price / Earnings	11.1	11.4
Dividend Yield	3.4%	2.9%
Price / Book	2.2	1.7
Debt / Equity	31.8%	53.7%
Interest Cover	14.4	8.5
Return on Equity	19.9%	14.8%

*Source: UBS

Market commentary

Global equities in June were impacted by softening US economic data, a sovereign default scare in Hungary along with a cut in Greece's credit rating to "junk" by Moody's. China relaxed the peg to the US dollar as investor focus remained on their economic growth prospects as indicators suggest growth is beginning to slow. Bond yields generally drifted lower as volatility remained at high levels. Defensive sectors generally outperformed. The G20 meeting ended with no global agreement for an international banking levy.

Portfolio commentary

Our holding in Nestle contributed to performance as the Swiss food giant had a strong month. Its returns were underpinned by the continued strong performance of its businesses. Nestle has achieved strong sales growth, increased its margins and recently announced that it expects to increase its revenues from the fast growing emerging market segment. Nestle is also commencing a new CHF10bn buyback programme using proceeds from the completion of its stake in Alcon.

Our holding in Walgreen detracted from relative performance. Walgreen reported quarterly earnings below expectations during the month. Its gross margin was weaker due to lower reimbursements from health insurers for drug prescriptions and selling and administration expenses which grew faster than sales. Despite the difficult economic background, Walgreen is working very hard to improve the things that are in its control. The company is slowing its store growth and continues to focus on costs. Walgreen also recently introduced beer and wine to its product range. This is boosting sales, increasing traffic and should lead to a bigger average basket size. The company stands to benefit from a new wave of higher margin generic drugs coming to the market in 2011/12. It is shareholder focused and has repurchased US\$600 million under its US\$2 billion share repurchase program (7.4% of market cap) that it commenced last October.

Outlook

Talk of slipping back into negative economic growth has risen substantially in recent weeks. This has been prompted largely by a downturn in macro data and ongoing structural worries about the sustainability of the recovery. The trend of earnings revisions has also started to slow down. While we expect a sustained (if weak) growth recovery, markets are likely to remain jittery given the lack of visibility. For equity markets, slower earnings growth expectations need not translate to market downside. Valuations have room to absorb slower growth expectations and to still allow for market upside. The portfolio is positioned towards those companies with favourable balance sheet and profitability metrics. Typically, they are high ROE and low leverage companies where EPS and DPS are stable and growing. High quality stocks are starting to outperform low quality stocks following substantial underperformance in 2009 and we expect this trend to continue in the second half of the year.

What are...?

International Funds are suitable for investors looking to gain access to companies all over the world.

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 Investment Management's investment philosophy is based on the belief that markets are not fully efficient in valuing individual stocks. Market overreaction to good and bad news leads to periods of over or undervaluation of stocks, when compared with their long-term fundamentals. Inefficiencies can also partly be attributable to funds being allocated to particular stocks, sectors or regions simply due to their weight in indices.

Did you know?

The 5 largest companies in the US (which include Exxon Mobil, Apple, Microsoft, Wal-Mart, Proctor and Gamble) have a combined market value similar to the whole of the Australian share market.

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

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

INVESTING FOR GENERATIONS



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