



## Perpetual Monthly Income Fund

### June 2010

#### Fund facts

**Investment objective:** To provide investors with a secure investment and monthly income by investing in quality first registered mortgages and deposits, money market and fixed income securities.

**Benchmark:** UBS Bank Bill Index

**Mgmt cost:** 1.30%

**Suggested minimum investment period:** One year or longer

#### Fund benefits

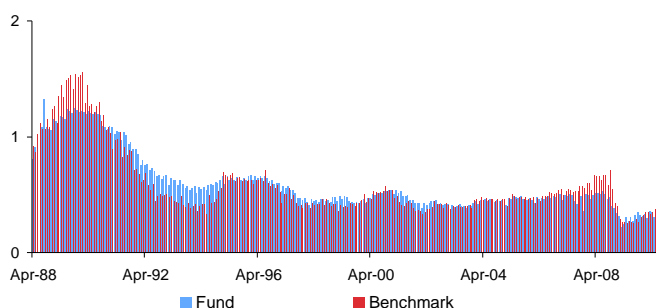
Provides investors with regular monthly income and capital stability through investments in high quality commercial mortgages with conservative loan-to-value ratios (LVR) secured by income producing properties.

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

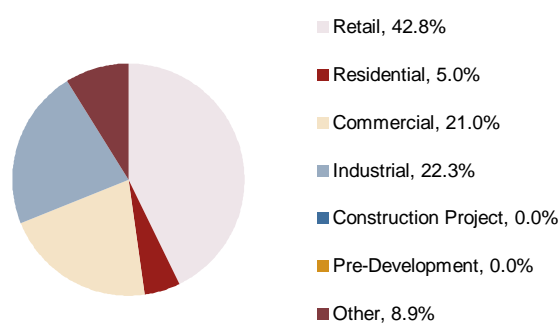
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perpetual Monthly Income Fund	PER0002AU	0.33	0.99	1.98	3.90	4.73	5.17	5.22	5.34
Perp. WealthFocus Investments	PER0239AU	0.34	1.04	2.09	4.13	4.90	5.25	-	-
Perp. WealthFocus Super	PER0124AU	0.28	0.86	1.65	3.21	4.00	4.36	4.41	-
Perp. WealthFocus Pensions	PER0131AU	0.34	1.02	1.98	3.83	4.54	5.00	5.08	-
Perp. WealthFocus Term Allocated Pension	PER0350AU	0.34	1.02	1.98	3.83	4.54	5.00	5.08	-
UBS Bank Bill Index		0.40	1.12	2.15	3.89	5.56	5.77	5.69	5.55

Past performance is not indicative of future performance.

#### Monthly performance



#### Portfolio sectors<sup>1</sup>



#### Geographical breakdown<sup>1</sup>

NSW	41.0%
QLD	25.5%
WA	16.0%
VIC	15.2%
SA	0.9%
TAS	1.3%
ACT	0.1%

#### Loans breakdown<sup>1</sup>

	Fixed Rate	Variable Rate
Number of loans	92	169
% to Mortgages Value	28.1%	71.9%
Loans number / Total	35.2%	64.8%

#### Maturity breakdown<sup>1</sup>

< 1 year	53.9%
1-2 years	20.1%
2+ years	25.9%

#### Liquidity breakdown

	Mortgages	Liquidity
Monthly Income Fund	59.3%	40.7%

## Market commentary

At its meeting in June, the Reserve Bank of Australia Board decided to leave the official cash rate unchanged at 4.5%, which was consistent with the earlier view that borrowing rates were around their average levels of the past decade. As such, the decision was widely expected resulting in limited downward pressure on bank bill rates along the yield curve. In fact, the yields on bank bills drifted higher over the month. This was primarily driven by end of financial year liquidity demands and uncertainties in the global markets. The 30-day BBSW rose 7bps to 4.75%, 3month BBSW was also higher by 5bps to 4.92% and the 180-day rate added 5bps to 5.00%.

At the time of writing, the cash rate remains unchanged at 4.50% following the RBA Board meeting in July.

## Liquidity pool

The liquidity pool is priced on a hold to maturity basis as such did not benefit or detract from a change in margins prevalent in the local credit market. The portfolio continues to provide yields that are consistent with a pool of liquid assets. The liquidity pool remains well diversified across fixed income securities with a shortened maturity profile.

## Mortgage pool

Market sentiment towards property continued to be quite soft. We continue to stress-test the mortgage portfolio on a quarterly basis, using independently sourced data from Jones Lang LaSalle. Perpetual's quality mortgage book has shown little sign of deterioration in a falling property market, both from a LVR and loans in arrears point of view.

Since early November 2008, when Perpetual announced the reopening of the Monthly Income Funds for applications there has been no new developments in the operation of the Monthly Income Funds.

As scheduled, the Monthly Income Funds distributed a monthly income to its unitholders in June.

## What are...?

A Loan to Value Ratio (LVR) is the percentage of the property value that Perpetual has lent to a borrower, i.e. the value of the mortgage. As at June 2010 the Monthly Income Fund had a weighted average LVR of 53.1%. This means that Perpetual has lent 53.1% of the value of properties in the mortgage pool.

## 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 has been managing mortgage funds since 1966.

## Perpetual process

Our investment strategy is to select only high quality investments that represent good value across all asset classes. By staying true to this approach we have navigated through many market cycles. Looking back, this strategy has rewarded our investors despite turbulent market conditions.

## Did you know?

Perpetual has been running a mortgage pool since 1966 in which time we have maintained a conservative approach to mortgage lending. Our exposure is to high quality mortgages which are secured against income producing property.

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\* Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

<sup>1</sup> Fund information in this document is relevant to the Wholesale option unless stated.

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## Further information

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