

Perpetual Wholesale Australian Share Fund

February 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[^]
Inception date: February 1997
Size of fund: \$915.7 million as at 31 January 2010
APIR: PER0049AU
Mgmt cost: 0.990% pa
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

Fund benefits

Provides investors with the potential for maximising capital growth and income, with broad market exposure, through active management by one of Australia's most experienced investment management teams.

Total returns % (after fees) as at 28 February 2010

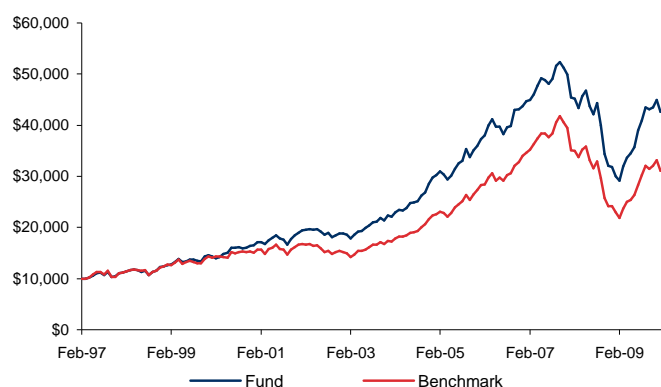
	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	5 yrs pa	7 yrs pa	Incept
Perpetual Wholesale Australian Share Fund	1.8	-0.1	6.3	49.2	-2.0	-1.1	7.1	13.5	11.8
S&P/ASX 300 Accumulation Index [^]	2.0	-0.7	5.2	45.1	-4.6	-3.3	6.6	12.2	9.2

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.

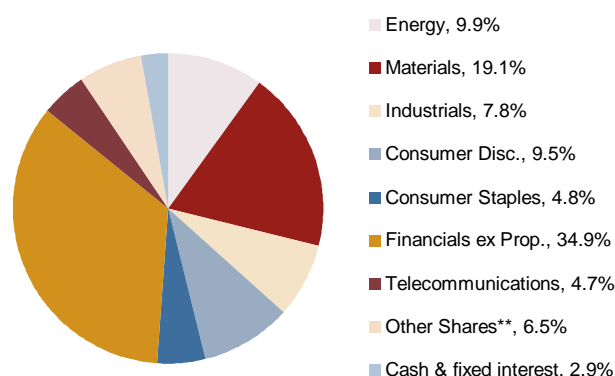
Points of interest

- The Australian market, as measured by the S&P/ASX 300 Accumulation Index, rose by 2.0% for the month, returning 45.1% for the year.
- The Fund underperformed its benchmark for the month, but maintains a 4.1% excess return over the year.
- Our overweight position to Westpac Bank (+9.5%) contributed to relative monthly performance.
- Our overweight position to pathology company Primary Health Care (-20.5%) detracted from relative monthly performance

Growth of \$10,000 since inception



Portfolio sectors



Top 10 stock holdings

BHP Billiton Limited
Westpac Banking Corporation
Commonwealth Bank of Australia
ANZ Banking Group Limited
Telstra Corporation Limited
Coal & Allied Industries Limited
Campbell Brothers Limited
News Corporation
Woolworths Limited
National Australia Bank Limited

Portfolio fundamentals

	Portfolio	Benchmark
Price / Earnings	13.4	13.8
Dividend yield	4.5%	4.0%
Price / Book	2.0	2.3
Debt / Equity	24.2%	34.8%
Interest cover	12.8	11.3
Return on Equity	15.1%	13.6%

*Source: Factset

Market Commentary

The Australian market, as measured by the S&P/ASX 300 Accumulation Index rose by 2.0% over the month, recovering some of the losses experienced in January. The market is now up 53.3% since its low in early March 2009. February saw reporting season deliver a solid set of results on balance with many earnings announcements slightly ahead of expectations. Although the results helped the market, they were not strong enough to overcome concerns in the global economy surrounding Europe and sovereign risk.

The Reserve Bank of Australia surprised many economists by leaving interest rates unchanged at 3.75%, stating in its quarterly statement on monetary policy that inflation was moderating as expected, interest rates were no longer at exceptionally low levels and that relatively little information was available to judge the impact of the increases made in late 2009. Employment increased by 52,700 in January, building on the 141,000 jobs added over the fourth quarter last year. As a result, the unemployment rate fell from 5.5% to 5.3%.

Portfolio Commentary

The Fund performed in line with its benchmark, the S&P/ASX 300 Accumulation Index over the month, returning 1.8% after fees. The Fund has returned 49.2% after fees over the last 12 months, outperforming by 4.1%.

Our overweight position to Australia's oldest bank Westpac Banking Corporation (+9.5%) contributed to relative performance. The company announced that it expects group cash earnings of \$1.6 billion for the three months to the end of December 2009, based on unaudited accounts. The increased cash earnings reflected a significant decline in institutional bank impairment charges.

Not holding investment bank Macquarie Group (-9.8%) contributed to relative performance. The company expects second-half 2010 profit to be broadly in-line with the first-half which implied a risk to full year consensus expectations of \$1.0 billion.

Our underweight position to diversified conglomerate Wesfarmers (+15.1%) detracted from relative performance. During the month the company surprised the market when it released its half-year results for the period ending December 2009 with Kmart and Target demonstrating the biggest improvement in the company's retail sector.

Our overweight position to Australia's largest pathology services company Primary Health Care (-20.5%) detracted from relative performance. Although its half-year profit increased more than fivefold, its pre-tax earnings and revenue result was below expectations. The company also failed to provide full year earnings guidance.

Outlook

With the culmination of the domestic reporting season at the close of the month, there is now more clarity in the market surrounding how companies are fairing in the difficult economic conditions. The main observation taken from the reporting season is that the larger, higher quality companies are in a much better position than a number of their lower quality peers. A distinct uncertainty still remains on what will drive earnings growth going forward. This puts greater emphasis on the ability to pick companies rather than picking themes or sector allocation. The market is currently trading at around fair value however opportunities do exist to find value and we continue to search for these quality companies for inclusion into our portfolios.

What are...?

Broad market share funds generally provide access to a diversified range of industrial and resource companies. These funds can vary between managers when it comes to the type of management (eg active vs passive or top-down vs bottom-up), investment style (eg value, growth), number of stocks held and expected volatility.

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 up to 20% in stocks listed on recognised stock exchanges outside Australia. This means our portfolio managers can access quality offshore companies or to Australian companies that are also listed on exchanges outside Australia (eg BHP, RIO) to potentially increase returns for the Fund. This investment is done on an opportunistic basis.

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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 Accumulation Index.

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

INVESTING FOR GENERATIONS



Further information

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au