



## Perpetual International Share Fund

December 2011

### Fund facts

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

**Sub-advisor:** Wellington Management Company LLP<sup>^</sup>

**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.

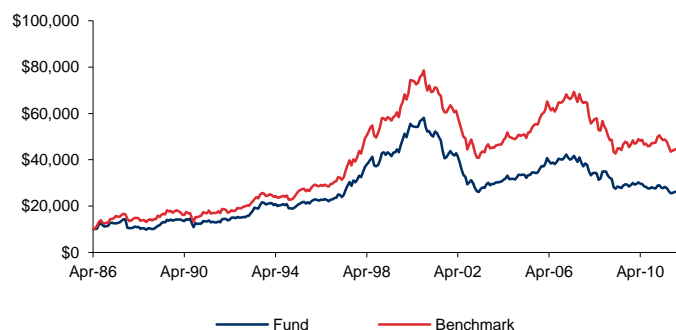
The International Share Fund is managed using the same core Perpetual philosophies of investing in quality companies representing good value.

### Total returns % (after fees) as at 31 December 2011

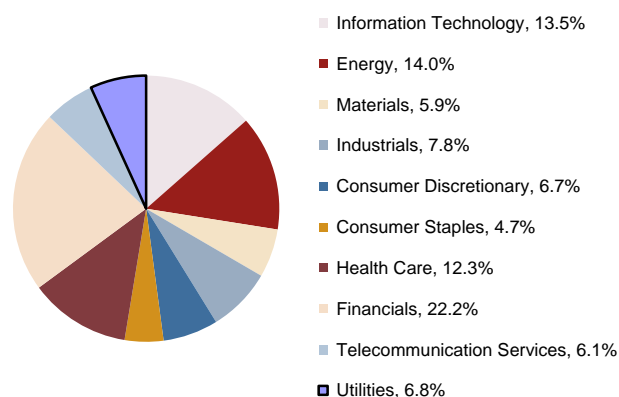
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0031AU	1.1	3.3	-4.2	-4.0	-6.2	-8.4	-3.3	-4.9
Perp. WealthFocus Investment Advantage	PER0038AU	1.1	3.3	-4.2	-4.0	-6.2	-8.4	-3.3	-4.9
Perp. WealthFocus Super	PER0024AU	1.1	2.5	-3.9	-3.7	-5.4	-7.1	-2.2	-3.7
Perp. WealthFocus Pensions	PER0130AU	1.1	3.4	-4.2	-3.9	-6.3	-8.4	-3.3	-
Perp. WealthFocus Term Allocated Pension	PER0343AU	1.1	3.4	-4.2	-3.9	-6.3	-8.4	-3.3	-
MSCI World ex Australia Accumulation Index		0.2	2.0	-6.2	-5.3	-2.6	-7.5	-1.8	-3.4

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 sectors<sup>1</sup>



### Top 10 stock holdings<sup>1</sup>

### Weights (%)

Wells Fargo & Company	2.6
Marsh & McLennan Companies, Inc.	2.3
Statoil ASA	2.2
Unilever N.V.	2.2
Zurich Financial Services	2.1
General Electric Company	2.0
JPMorgan Chase & Co.	2.0
The Dow Chemical Company	1.9
Amgen, Inc.	1.9
Pfizer Inc.	1.8

### Portfolio fundamentals<sup>1</sup>

	Portfolio	Benchmark
Price / Earnings	9.8	11.0
Dividend Yield	3.5%	3.0%
Price / Book	1.7	1.6
Debt / Equity	38.6%	45.6%
Interest cover	14.9	11.2
Return on Equity	16.8%	14.8%

## Market commentary

Global equity markets, as measured by the MSCI World ex Australia Accumulation Index rose 0.2% in Australian dollar terms over the month. A series of positive economic data releases from the United States aided equities, with consumer confidence, housing starts and the ISM manufacturing index all exceeding expectations. In Europe, the European Central Bank (ECB) cut the benchmark rate by 25 basis points to 1% and undertook a Longer-Term Refinancing Operation (LTRO) in an attempt to ease liquidity and funding pressures amongst financial institutions and troubled sovereigns. Nonetheless Standard & Poors placed six AAA members of the Eurozone on negative watch and Fitch lowered its outlook on France's AAA rating.

## Portfolio commentary

The Fund's largest overweight positions include global professional services firm Marsh & McLennan, Norwegian oil producer Statoil and financial institution Wells Fargo & Co. The Fund's largest underweight positions include IBM, Nestle and Procter & Gamble (all not held).

Our position to Chinese car manufacturer Dongfeng Motor Group (+20.6%) contributed to relative performance. Dongfeng's share price rose following announcement of strong November passenger vehicle sales. Sales for the month grew 13% on the previous corresponding period, and 6% on the prior month, to 150,894 units. The group's passenger vehicle division contributes almost 90% of group operating profit and has significant growth potential. Dongfeng's commercial vehicle division which contributes the remainder of operating profit reported slightly weaker performance, recording total sales of 41,830 units. This was down 3% on the previous corresponding period and was driven by a decline in heavy duty trucks unit sales.

Our position to global miner Barrick Gold (-14.3%) detracted from relative performance. The company's share price was negatively impacted as the gold price fell during December to hit levels not seen for several months. Barrick Gold is targeting an increase in total gold production to 9 million ounces per annum within the next five years, driven by the completion of projects at Pueblo Viejo in the Dominican Republic and Pascua Lama, which straddles the Chilean and Argentinean border in the Andes mountains. The group recently released its third quarter results with net earnings up 45% to US\$1.4 billion reflecting higher gold and copper prices and higher copper sales volumes.

## Outlook

Our economic outlook for growth has not changed materially in recent months. We continue to expect weaker than normal trend growth in the developed markets. Economic data in the second and third quarters pointed to a slowing of economic activity beyond that caused by the earthquake in Japan. In addition, the extent of negative news, combined with the confidence crisis created by the market downturn and continuing debt issues in Europe and the US, have raised the probability of a recession.

We do however believe that recent globally coordinated efforts toward economic recovery should have positive implications for equity markets. We have been encouraged that policymakers around the globe are finally embracing the severity of the sovereign debt crisis and its potential impact on global economic stability. While details remain limited, and future weeks and months will provide more clarity, it does appear that government leaders are beginning to react in a coordinated and potentially meaningful way. As a result of this response, we have taken the opportunity to add a modest amount of economic exposure back to the portfolio, after reducing it considerably over the second and third quarters.

## 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?

As of 15th August 2011, Perpetual Investments has partnered with Wellington Management Company LLP (Wellington Management) to manage the Perpetual International Share funds. This two-way partnership gives Perpetual's clients access to a world class manufacturer of international equities products. Wellington Management is one of the world's most reputable institutional fund managers and has a strong long-term track record.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS can be obtained by calling 1800 022 033 or visiting our website [www.perpetual.com.au](http://www.perpetual.com.au).

^ Management of this Fund: 15/8/2011 Wellington Management as sub-advisor, from 18/3/2005 to 14/8/2011 PI Investment Management Limited, from 21/4/1997 to 17/3/2005 Fidelity International Limited as sub-advisor.

\*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.

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



## Further information

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