



## Perpetual Balanced Growth Fund

April 2012

### Fund facts

**Investment objective:** To provide investors with long term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.

**Benchmark:** Balanced Growth Index  
**Mgmt cost:** 1.96%  
**Buy / Sell spread:** 0.34% / 0.00%  
**Investment style:** Active, fundamental, disciplined, value  
**Suggested minimum investment period:** Five years or longer

### Fund benefits

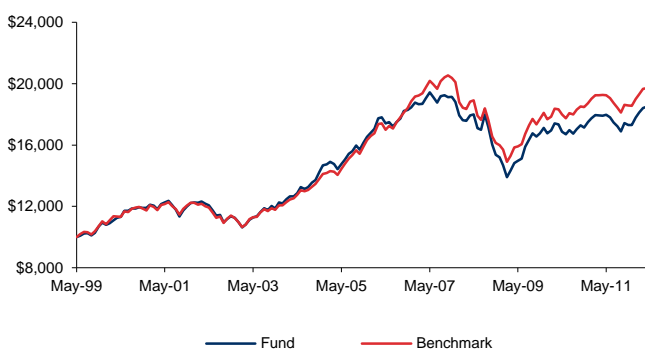
Provides investors with access to a diverse range of growth and income producing assets. Active management and asset allocation techniques are employed in order to further enhance the fund's return and manage risk.

### Total returns % (after fees) as at 30 April 2012

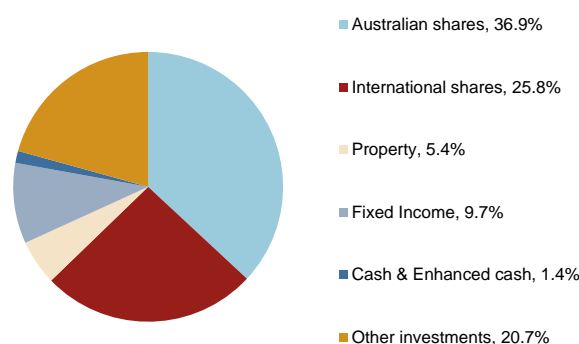
	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0100AU	0.5	4.0	6.1	3.2	7.7	-0.6	3.6	4.3
Perp. WealthFocus Investment Advantage	PER0036AU	0.5	4.0	6.1	3.3	7.6	-0.7	3.5	4.1
Perp. WealthFocus Super	PER0017AU	0.6	3.9	5.9	3.5	7.5	-0.2	3.7	4.3
Perp. WealthFocus Pensions	PER0015AU	0.6	4.1	6.4	3.8	8.2	-0.2	4.1	4.8
Perp. WealthFocus Term Allocated Pension	PER0334AU	0.6	4.1	6.4	3.8	8.2	-0.2	4.1	4.8
Balanced Growth Index		0.2	3.8	5.6	2.2	7.6	0.0	5.0	5.1

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>

Commonwealth Bank of Australia
BHP Billiton
Westpac Banking Corporation
Telstra Corporation Limited
ANZ Banking Group Limited
Rio Tinto
Orica Limited
Westfield Group
National Australia Bank Limited
ASX Limited

### Asset allocation ranges<sup>1</sup>

	Min.	Target	Max.
Australian shares	10	28	50
International shares	10	28	50
Property	0	5	15
Fixed income	5	10	35
Enhanced cash	0	13	30
Other investments	0	16	30

## Market commentary

Global equity markets, as measured by the MSCI World ex Australia Accumulation Index fell 1.7% in Australian dollar terms over the month. United States economic data releases were softer than recent months, leading to a reduction in risk sentiment towards equities in favour of treasury bonds. In addition to European sovereign debt fears, Francois Hollande's anticipated victory in the upcoming French election may add to further European instability, given his desire to renegotiate the European Union fiscal compact toward growth and away from austerity.

The Australian market, as measured by the S&P/ASX 300 Accumulation Index rose by 1.3% for the month, the fourth consecutive monthly gain since the turn of the calendar year. After a strong March quarter, mixed economic news flow saw markets suffer a mild decline in early April before rallying in to month end. Australian stocks outperformed their developed market counterparts, with the S&P 500 (-0.7%), the Euro Stoxx (-6.9%) and the Nikkei 225 (-5.6%) all ending the period in negative territory in local currency terms.

Credit markets exhibited a softening tone in sentiment. The direction of credit spreads was largely influenced by the deceleration of global growth and resurgence in uncertainty facing Europe. 1Q12 corporate earnings took some focus away from soft patches of economic data and periphery concerns. The spreads on investment grade corporate cash bonds remained resilient despite the challenging environment.

## Asset allocation

Tactical asset allocation contributed to excess returns aided by an overweight tilt to Australian equities. Our position to equities was supported by through-the-cycle valuations and upward momentum in earnings revisions. A drop in government yields over the month prompted us to underweight bonds as valuations appeared expensive from an absolute perspective.

## Stock selection

The diversified portfolios outperformed their respective benchmarks over the month. Security selection was positive primarily as a result of outperformance in property and Australian equities. The global equity portfolio detracted from performance while the fixed income portfolio generated positive absolute returns but was flat against its benchmarks.

## Outlook

Globally, macroeconomic data continues to indicate a gradual economic recovery, although performance by region varies. US data continues to improve, emerging markets continue to grow albeit at a slower pace, and Europe struggles with austerity measures and uneven performance among its larger economies. We expect growth to continue, but at a subpar recovery rate. While central banks remain biased towards low policy rates, even where inflation is rising, the prospects for additional monetary stimulus are fading in most parts of the world.

Recent data has pointed to slowing activity in the domestic economy. Additionally, equity markets globally remain hampered by significant political and economic uncertainty. Despite these concerns, we believe many Australian companies offering fully franked dividends represent good value. These are likely to gather investor attention as term deposit rates appear less attractive on a relative basis, and particularly in light of the recent interest rate cut by the Reserve Bank of Australia.

The outlook for credit markets is positive. Valuations remain neutral, with investment grade and high yield spreads largely reverting back into neutral territory on our metrics. The positive outlook continues to be underpinned by accommodative technical conditions. We remain cautious on re-elevated sovereign risks in Europe and risks to growth in the US.

## What are...?

Active asset allocation is a portfolio management strategy that changes a portfolio's asset allocation to take advantage of market conditions in the short term. Using a disciplined active asset allocation process offers the potential for both enhanced returns and reduced levels of risk.

## 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 for investing in balanced portfolios is to focus on the fundamental drivers of returns from quality investments rather than on asset classes themselves. We believe investment in internal capability where we have the demonstrated ability to consistently add value is a lower risk and more reliable approach to meeting investors' objectives. We also believe that our focused, active approach to asset allocation and our proven disciplined investment style has the ability to add value to investors over time.

## Did you know?

When making asset allocation decisions, we consider three key indicators being cycle, value and technical. This process evaluates the impact of the earnings cycle on Australian equities, the business cycle on domestic bonds, and analyse valuations, while also incorporating market sentiment through technical analysis. These indicators combine to either increase exposure to an asset class when market conditions become favourable or reduce exposure if market conditions are becoming adverse.

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

The following funds are not open to new investment: Perpetual's Balanced Growth Fund Nil Entry Fee Option.

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



## Further information

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