

Perpetual Australian Share Fund (ASF) \* Perpetual Wholesale Australian Share Fund (PWASF) \* Pooled Superannuation Trust Australian Share Fund (PSTAS) \* WealthFocus Investments Perpetual Australian Share Fund (PIIASF) \* WealthFocus Super Fund Perpetual Australian Share Option (PSAS) \* WealthFocus Pension Plan Perpetual Australian Share Option (APAS) \* WealthFocus Investment Advantage Perpetual Australian Share Asset Group (ICAS)

## Total returns % (After Fees) as at 31 January 2010

|  | 1 mth | 3 mth | 6 mths | 1 yr  | 2 yrs pa | 3 yrs pa | 5 yrs pa | 7 yrs pa |
|--|-------|-------|--------|-------|----------|----------|----------|----------|
| Australian Share Fund                                    | -4.94 | -1.08 | 9.67   | 42.41 | -2.88    | -1.39    | 7.23     | 12.59    |
| Wholesale - Australian Fund                              | -4.90 | -1.05 | 9.58   | 42.23 | -3.00    | -1.48    | 7.17     | 12.58    |
| PST - Australian Share Investment Option                 | -4.11 | -0.54 | 9.51   | 39.99 | -1.60    | -0.26    | 7.99     | 12.86    |
| WF Investments - Australian Share Fund                   | -4.98 | -1.31 | 9.21   | 41.14 | -3.73    | -2.27    | 6.19     | -        |
| WF Super Plan - Australian Share Investment              | -4.18 | 1.62  | 11.19  | 38.55 | -2.00    | -1.03    | 6.57     | 11.41    |
| WF Pension Plan - Australian Share Investment            | -4.16 | -0.45 | 9.69   | 41.87 | -2.12    | -1.01    | 7.26     | 12.70    |
| WF Investment Advantage - Australian Share Asset Group   | -5.01 | -1.27 | 9.03   | 41.06 | -3.89    | -2.50    | 5.75     | 11.08    |
| Benchmark - Blended Ordinaries Accumulation <sup>^</sup> | -6.17 | -0.95 | 9.92   | 35.67 | -5.88    | -3.47    | 6.62     | 11.10    |

### Market Commentary

The Australian market, as measured by the S&P/ASX 300 Accumulation Index fell by 6.2% for the month ending January 2010, the second month of consolidation since the market rally began in early March 2009.

The market moved lower on rising risk aversion due to a number of factors including strong Chinese economic data and a proposal by President Obama to reduce risk-taking activities within the US banking system. The strong Chinese economic data triggered concerns that Chinese authorities would be forced to implement policy tightening sooner rather than later and President Obama proposed that US banks reduce their risk taking activities by sticking with their "core missions" as opposed to owning or sponsoring hedge funds/private equity funds. Mr Obama also proposed to prevent further consolidation in the financial system that would result in the existence of only a few large firms. Additionally, the worsening fiscal situation in Greece prompted concerns over a possible default and/or bailout by the European Union.

Domestically, economic data during January remained positive with strong data released on building approvals, retail sales and unemployment. Inflation also surprised on the upside, increasing pressure on the Government to reduce spending and the Reserve Bank of Australia to continue tightening monetary policy. During the month the Australian dollar reached a high of US93.2 cents against the US dollar before closing at 89.0 cents at the end of the month.

The dominant theme for January was the underperformance of resource stocks which were heavily impacted by risk aversion and weakened commodity prices. All sectors returned negative over the month with information technology (-1.1%), property trusts (-2.9%) and telecommunications (-3.1%) outperforming and energy (-9.8%), materials (-9.0%) and consumer staples (-8.4%) underperforming.

### Portfolio

The Wholesale Australian Share Fund outperformed its benchmark, the S&P/ASX 300 Accumulation Index for the month ending 31 January 2010, as the value bias and less risky nature of the companies we invest in contributed positively to relative return. The portfolios generally do not have exposure to smaller material or energy stocks, due to insufficient proof of historic earnings or high levels of debt. This contributed to relative return this month. In terms of positioning, in the current economic climate we are finding value in companies with strong operating cash flows and comfortable interest cover, such as Coal & Allied Industries, Campbell Brothers, News Corporation and Reece Australia.

### Contributors

Our overweight position to financial services conglomerate Suncorp (+2.4%) contributed to relative performance. The stock rose on positive sentiment due to expectations of increasing insurance margins in combination with expectations of reducing bad and doubtful debts for the banking arm. With economic conditions potentially stabilising, the banking arm is appearing relatively cheap. In addition, the bid for AXA Asia Pacific raised additional interest in the value of its insurance assets. The company is a potential turnaround story, with a transformation expected under the new CEO.

Not holding diversified industrial group Wesfarmers (-12.0%) contributed to relative performance. The company released production results for its coal mines during the month (Curragh mine in Queensland, Premier in Western Australia and Bengalla in New South Wales), revealing drops in output for all three. The company's overall coal production fell 8.7% from just under 3.9 million tonnes to 3.6 million tonnes. Coal production at the Premier mine was 690,000 tonnes, down 14% on the previous quarter. The Curragh mine saw metallurgical coal production increase by 2.3%, however steaming coal production was 11.7% lower. The company's share of the Bengalla production was 574,000 tonnes, down 2.2% on the previous quarter as it was operating in a less productive section of the mine.

### Detractors

Not holding shopping centre giant Westfield Group (+0.8%) detracted from relative performance over the month as macroeconomic news supported the retail property sector, and Westfield in particular, with stronger than expected employment numbers and retail sales figures. In addition, the expectation of increasing development opportunities in Australia and the improved sentiment in US dollar denominated assets helped the company outperform. We do not hold this stock due to its high price, considering its near term earnings outlook.

Our overweight position to exploration company Oil Search (-14.2%) detracted from relative performance. During the month the company provided its December 2009 quarterly activities report saying that sales revenue for the quarter was US\$192.8m, compared to US\$117.9m in the third quarter, driven by both higher oil prices and higher oil sales volumes. The company also reported total oil and gas production for the fourth quarter of 2009 was 2.2 mmmboe (million barrels of oil equivalent), 6% higher than in the third quarter. Development wells in the Kutubu and Moran fields drilled earlier in the year continue to perform strongly, offsetting natural decline from the company's mature oil fields. The good fourth quarter performance took production for the 2009 full year to 8.1 mmmboe, within the company's forecast range. Additionally, total oil sales for the quarter were 2.41 million barrels, compared to 1.55 million barrels in the third quarter.

### Outlook

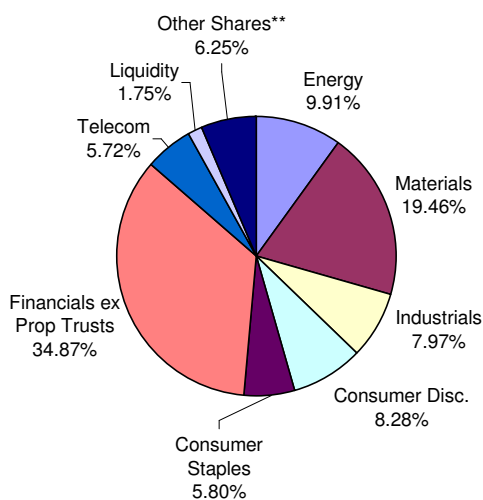
In the last couple of months there has been an increased focus on stock specific themes rather than the large macro trades which dominated performance over the previous two years. The market rise in 2009 priced in some unsustainable earnings growth, and as a result any profit warning or negative surprise is being treated much more harshly than any positive upgrade. The February 2010 reporting season will bring further clarity around how company revenue and earnings are holding up in the current economic conditions. We expect the higher quality companies that have scale, strong brand and pricing power, elevated operating cash levels and earn a superior return on equity are currently attractively valued due to their consistent earnings outlook in the potentially tepid conditions ahead.

## Top 10 Stock Holdings

| Australian Share Fund as at January 2010        | %   |
|---|-----|
| BHP BILLITON LIMITED                            | 9.5 |
| COMMONWEALTH BANK OF AUSTRALIA                  | 8.5 |
| WESTPAC BANKING CORPORATION                     | 8.1 |
| TELSTRA CORPORATION LIMITED                     | 5.7 |
| AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 4.7 |
| COAL & ALLIED INDUSTRIES LIMITED                | 4.7 |
| CAMPBELL BROTHERS LIMITED                       | 3.4 |
| RIO TINTO LIMITED                               | 3.3 |
| WOOLWORTHS LIMITED                              | 3.3 |
| NATIONAL AUSTRALIA BANK LIMITED                 | 3.1 |

## Portfolio Details

### Australian Share Fund



## Distribution Details

| Annual        | Total Return % | Growth Return % | Dist. Return % | Franking IFSA % |
|---------------|----------------|-----------------|----------------|-----------------|
| <b>Jun 09</b> |                |                 |                |                 |
| ASF           | -18.2          | -21.6           | 3.3            | 114.4           |
| PWASF         | -18.3          | -21.8           | 3.5            | 114.2           |
| PIIASF        | -18.9          | -21.5           | 2.7            | 148.7           |
| ICAS          | -19.1          | -21.9           | 2.7            | 148.1           |
| <b>Jun 08</b> |                |                 |                |                 |
| ASF           | -10.5          | -13.5           | 3.1            | 92.2            |
| PWASF         | -10.5          | -13.6           | 3.1            | 92.2            |
| PIIASF        | -11.3          | -13.5           | 2.2            | 126.9           |
| ICAS          | -11.6          | -13.8           | 2.2            | 129.1           |

Franking IFSA includes Realised Capital Gains

## Distributions and Prices

| Quarter       | Cents per unit Dist. | Ex-Dist Entry \$ | Ex-Dist. Exit \$ |
|---------------|----------------------|------------------|------------------|
| <b>Dec 09</b> |                      |                  |                  |
| ASF           | 9.2384               | 5.9350           | 5.9110           |
| PWASF         | 4.0605               | 1.8870           | 1.8790           |
| PIIASF        | 2.4667               | 1.3720           | 1.3660           |
| ICAS          | 4.6404               | 2.8250           | 2.8140           |
| <b>Sep 09</b> |                      |                  |                  |
| ASF           | 3.5196               | 5.8390           | 5.8160           |
| PWASF         | -                    | 1.8690           | 1.8610           |
| PIIASF        | -                    | 1.3560           | 1.3500           |
| ICAS          | -                    | 2.7900           | 2.7790           |
| <b>Jun 09</b> |                      |                  |                  |
| ASF           | 8.4238               | 4.8200           | 4.8010           |
| PWASF         | 2.9104               | 1.5340           | 1.5280           |
| PIIASF        | 1.5144               | 1.1150           | 1.1110           |
| ICAS          | 3.0817               | 2.3260           | 2.2860           |
| <b>Mar 09</b> |                      |                  |                  |
| ASF           | 0.7495               | 4.3800           | 4.3630           |
| PWASF         | -                    | 1.3960           | 1.3910           |
| PIIASF        | -                    | 1.0120           | 1.0080           |
| ICAS          | -                    | 2.0830           | 2.0740           |

## Portfolio Statistics

| Fund      | P/E Ratio | Dividend Yield |
|-----------|-----------|----------------|
| ASF       | 14.5      | 4.4%           |
| Benchmark | 16.0      | 4.0%           |

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No company in the Perpetual Group\* 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 entry or exit fees or taxation (except in the case of superannuation funds). Past performance is not indicative of future performance.

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

\*\* 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