



Perpetual Split Growth Fund

December 2011

Fund facts

Investment objective: To provide investors with long term capital growth through investment in a mix of international and quality Australian industrial shares, in order to diversify risk between asset classes.

Benchmark: Split Growth Index[^]
Mgmt cost: 2.10%
Buy / Sell spread: 0.42% / 0.00%
Investment style: Active, fundamental, disciplined, value
Suggested minimum investment period: Five years or longer

Fund benefits

Provides investors with 100% exposure to long-term growth opportunities across Australian industrial shares and international shares. The fund is run by high quality investment teams.

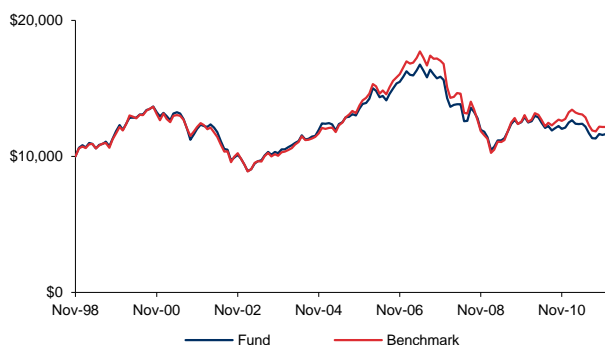
Total returns % (after fees) as at 31 December 2011

	APIR	1 mth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Perp. WealthFocus Investments	PER0064AU	0.7	3.1	-4.4	-3.8	-0.5	-6.0	-0.9	-0.6
Perp. WealthFocus Investment Advantage	PER0496AU	0.7	2.7	-4.8	-4.1	-0.5	-	-	-
Perp. WealthFocus Super	PER0109AU	0.7	2.8	-3.2	-2.7	0.5	-4.6	0.2	0.2
Perp. WealthFocus Pensions	PER0108AU	0.7	3.0	-3.6	-3.0	0.4	-5.3	-0.2	0.1
Perp. WealthFocus Term Allocated Pension	PER0349AU	0.7	3.0	-3.6	-3.0	0.4	-5.3	-0.2	0.1
Split Growth Index [^]		0.1	2.8	-5.4	-4.6	1.7	-6.0	0.1	-0.2

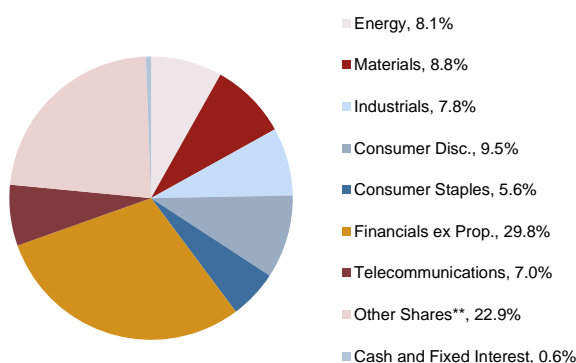
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

[^] Split Growth Index is a blend of 60% MSCI World ex Aust. Accumulation Index and 40% S&P/ASX 300 Industrials Accumulation Index

Growth of \$10,000 since inception (WFI Fund)



Portfolio sectors¹



Top 10 stock holdings¹

Commonwealth Bank of Australia
Westpac Banking Corporation
Telstra Corporation Limited
ANZ Banking Group Limited
Orica Limited
Wesfarmers Limited
National Australia Bank Limited
Wells Fargo & Company
Washington H Soul Pattinson & Company Limited
Crown Limited

Asset allocation¹

	Portfolio	Benchmark
International Shares	59.3%	60.0%
Australian Share	40.2%	40.0%
Liquidity	0.6%	0.0%
Total	100.0%	100.0%

Market commentary

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 US provided some positives. 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.

The S&P/ASX 300 Industrials Accumulation Index was flat (-0.1%) over the month. Global macroeconomic themes continued to drive equity markets, with investor concerns regarding the ongoing European sovereign debt crisis partially offset by a series of resilient economic data releases from the US. In major company news, December was dominated by a number of profit downgrades from companies in the retail sector. Billabong and JB Hi-Fi both fell heavily after announcing weaker than expected sales growth leading in to the Christmas period.

Portfolio commentary

Our position to Chinese car manufacturer Dongfeng Motor Group contributed to 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. The group's passenger vehicle division contributes almost 90% of group operating profit and has significant growth potential.

Our overweight position to media giant, News Corp, also contributed to relative performance. News Corp rose as the company continued its US\$5bn buy-back program. Chief Operating Officer, Chase Carey, has publicly stated that the buy-back program is not a one off and will form an important part of the company's ongoing capital allocation. News Corp recently reported its first quarter results with all segments excluding publishing experiencing double digit earnings growth, a result we expect News Corp to repeat in full year earnings results.

Our position to global miner Barrick Gold 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. 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.

Our overweight position to UK-based funds manager, Henderson Group, also detracted from relative performance. During December the company provided a trading update, advising underlying profit for the year is expected to be between £155 million and £159 million. The company also disposed of its interest in Hermes GPE, a private equity fund of funds joint venture with Hermes Fund Managers. The transaction will not give rise to any gain or loss for the company and will see assets under management decline by approximately £1.4 billion. We remain comfortable with our position in Henderson with a longer term view as the company continues to trade at attractive multiples.

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.

The Australian sharemarket continues to be impacted by the ongoing sovereign debt issues in Europe and global economic uncertainty. Our investment process, favouring quality companies with strong balance sheets ensures that we are well placed to withstand any future shocks. We continue to research and invest in companies with sound management, conservative debt and recurring earnings which we believe are well placed to add value over the medium to long-term.

What are...?

Industrial shares are companies that are engaged in the production or sale of goods or services, as distinct from resource or mining stocks. Industrial shares make up approximately two thirds of the Australian sharemarket by market capitalisation.

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, 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?

Perpetual's research shows that a portfolio mix of 60% international shares and 40% Australian industrial shares with regular rebalancing can produce a lower risk profile with only a moderate impact on the return compared to an investment of 100% in either asset class. Furthermore our analysis indicates that blending global equities with Australian industrial shares produced both higher returns and lower levels of volatility than using a broader portfolio of Australian shares.

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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.

The following funds are not open to new investment: Nil Entry Split Growth Fund.

* 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.

¹ Fund information in this document is relevant to the Wholesale option unless stated.



Further information

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