



Perpetual WealthFocus Investment Advantage



**Annual Financial Report
30 June 2011**

Perpetual Investment
Management Limited
ABN 18 000 866 535
AFSL 234426
ARSN 091 142 460

**Perpetual WealthFocus Investment Advantage
(registered as Perpetual's Investor Choice Fund)**

ARSN 091 142 460

Annual Financial Report - 30 June 2011

Perpetual WealthFocus Investment Advantage (registered as Perpetual's Investor Choice Fund)

ARSN 091 142 460

Annual Financial Report - 30 June 2011

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Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Perpetual's Investor Choice Fund (referred to in this annual financial report as Perpetual WealthFocus Investment Advantage), present their report together with the annual financial report of Perpetual WealthFocus Investment Advantage ("the Scheme") for the year ended 30 June 2011 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Perpetual WealthFocus Investment Advantage is Perpetual Investment Management Limited (ABN 18 000 866 535). The Responsible Entity's registered office and principal place of business is Level 12, 123 Pitt Street, Sydney, NSW, 2000.

Directors

The following persons held office as directors of Perpetual Investment Management Limited during the year or since the end of the year and up to the date of this report:

R Burrows (appointed 2 April 2008)
A Dodwell (appointed 25 August 2008, Alternate for I Holyman)
C Doyle (appointed 24 September 2009)
G Foster (appointed 3 February 2010, Alternate for R Burrows)
J Hawkins (appointed 3 February 2010, resigned 27 July 2010, Alternate for M Pancino)
J Hawkins (appointed 11 August 2010, resigned 25 February 2011, Alternate for M Miller)
I Holyman (appointed 4 April 2005)
M Miller (appointed 24 September 2009, resigned 11 August 2010, Alternate for C Doyle)
M Miller (appointed 11 August 2010, resigned 25 February 2011)
M Pancino (appointed 2 February 2010, resigned 27 July 2010)
R Brandweiner (appointed 15 March 2011)

Principal activities

The principal activity of the Scheme is to provide choice and flexibility, enabling investors to design an investment portfolio that suits their income and investment growth requirements.

For further information on the objectives and investment approaches of each of the investment options please refer to the 'Perpetual WealthFocus Investment Advantage' Product Disclosure Statement.

The Scheme did not have any employees during the year.

During the year ended 30 June 2011, the following investment options were removed from the investment platform:

- Quantitative Investments Alpha Core
- All Star Income

There were no other significant changes in the nature of the Scheme's activities during the year.

Review and results of operations

During the year, the Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The table below demonstrates the performance of the underlying options within the Scheme as represented by the total returns, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income:

Directors' report (continued)

Review and results of operations (continued)

Investment option	30 June 2011				
	Returns (non-annualised)			Unit prices (ex-distribution as at 30 June)	
	Capital growth %	Distribution of income %	Total return %	Entry price \$	Exit price \$
Perpetual Australian Share	10.27	2.68	12.95	2.875	2.866
Perpetual Balanced Growth	2.70	3.89	6.59	1.334	1.329
Perpetual Cash	(0.10)	4.06	3.96	1.008	1.008
Perpetual Concentrated Equity	8.83	3.12	11.95	1.243	1.239
Perpetual Conservative Growth	1.07	4.96	6.03	1.231	1.228
Perpetual Diversified Growth	1.77	4.32	6.09	1.016	1.012
Perpetual Diversified Income	1.92	5.30	7.22	1.044	1.042
Perpetual Ethical SRI	6.49	3.34	9.83	1.411	1.407
Perpetual Geared Australian	20.30	3.20	23.50	1.336	1.326
Perpetual Global Resources	26.30	2.58	28.88	1.706	1.697
Perpetual Industrial Share	3.25	3.42	6.67	2.200	2.193
Perpetual International Share	(3.44)	0.36	(3.08)	0.958	0.953
Perpetual Property Income	1.57	4.94	6.51	0.859	0.847
Perpetual Property Securities	2.81	2.62	5.43	0.660	0.658
Perpetual SHARE-PLUS Long-Short	12.91	2.02	14.93	1.275	1.270
Perpetual Smaller Companies	24.29	4.47	28.76	2.766	2.758
Perpetual Split Growth	(0.18)	1.47	1.29	0.945	0.941
Aberdeen Activity Hedged International Equities	0.94	0.97	1.91	0.994	0.989
Advance Imputation	2.91	3.20	6.11	1.113	1.107
All Star IAM Australian Share	12.41	2.45	14.86	1.023	1.018
Alphinty Australian Share ¹	4.44	3.50	7.94	1.222	1.231
AMP Capital Global Property Securities	12.38	16.56	28.94	1.239	1.213
AMP Capital Sustainable Share	5.65	2.24	7.89	1.256	1.249
Arnhem Australian Equity ²	5.25	2.54	7.79	1.205	1.198
Ausbil Australian Active Equity	6.39	2.15	8.54	1.309	1.302
Ausbil Australian Emerging Leaders	15.17	0.73	15.90	1.473	1.464
AXA Global Equity Value	(0.50)	-	(0.50)	0.930	0.926
Bentham Global Income ³	8.88	8.36	17.24	1.447	1.435
BlackRock Balanced	2.58	4.00	6.58	1.097	1.093
BlackRock Global Small Cap	8.87	-	8.87	1.236	1.224
BlackRock Indexed Australian Listed Property	0.21	4.40	4.61	0.920	0.914
BlackRock Monthly Income	6.69	6.58	13.27	1.199	1.196
BlackRock Scientific Australian Equity	10.22	3.44	13.66	1.270	1.263
BlackRock Scientific Diversified Growth	1.05	8.53	9.58	1.011	1.006
BlackRock Scientific Diversified Stable	(0.23)	7.09	6.86	0.993	0.989
BlackRock Scientific International Equity	1.85	-	1.85	0.940	0.935
BT Australian Share	6.91	2.06	8.97	1.256	1.249
BT International Share	2.23	0.09	2.32	0.987	0.983
BT Property Securities	1.70	4.18	5.88	0.882	0.878
Colonial First State Balanced	1.95	3.56	5.51	1.061	1.058
DWS Global Equity Thematic	(0.20)	-	(0.20)	1.066	1.061
Fidelity Australian Equities	8.28	1.91	10.19	1.359	1.352
GMO Global Equity	1.66	0.34	1.90	0.917	0.911
Goldman Sachs Australian Infrastructure ⁴	15.26	3.12	18.38	1.101	1.096
Ibbotson Australian Shares Active ⁵	9.09	3.01	12.10	1.231	1.227
Ibbotson Balanced Growth ⁶	2.09	4.29	6.38	1.091	1.088
Ibbotson Conservative Growth ⁷	0.25	5.59	5.84	1.052	1.049

¹ Formerly known as Challenger Australian Share.

² Formerly known as Fortis Investments Australian Equity.

³ Formerly known as Credit Suisse Global Income.

⁴ Formerly known as Goldman Sachs JBWere Australian Infrastructure.

⁵ Formerly known as InTech Australian Shares Active.

⁶ Formerly known as InTech Balanced Growth.

⁷ Formerly known as InTech Conservative Growth.

Directors' report (continued)

Review and results of operations (continued)

Investment option	30 June 2011				
	Returns (non-annualised)			Unit prices (ex-distribution as at 30 June)	
	Capital growth %	Distribution of income %	Total return %	Entry price \$	Exit price \$
Ibbotson Growth ⁸	4.06	3.22	7.28	1.117	1.112
Ibbotson International Shares Active (Unhedged) ⁹	3.34	-	3.34	1.044	1.039
ING Diversified Fixed Interest	(0.95)	7.27	6.32	0.985	0.985
ING Managed Growth	4.13	2.79	6.92	1.047	1.043
ING Tax Effective Income	3.89	3.76	7.65	1.051	1.051
Investors Mutual Australian Share	6.54	4.03	10.57	1.179	1.173
Investors Mutual Future Leaders	12.04	5.01	17.05	1.214	1.208
Lazard Global Listed Infrastructure	11.34	11.55	22.89	1.254	1.247
Macquarie Income Opportunities	0.36	7.63	7.99	1.046	1.043
MFS Global Equity	3.99	-	3.99	1.065	1.058
Perennial Value Shares	3.19	2.34	5.53	1.347	1.339
Platinum Asia	(6.77)	0.28	(6.49)	1.224	1.218
Platinum International	(10.39)	2.56	(7.83)	0.915	0.910
Premium China	2.71	-	2.71	1.019	1.014
RREEF Global Property Securities	12.48	17.92	30.40	1.377	1.369
Schroder Australian Equity	9.83	2.36	12.19	1.430	1.421
Schroder Balanced	4.55	3.80	8.35	1.191	1.186
Schroder Fixed Income	0.75	4.93	5.68	0.974	0.973
Schroder Global Emerging Markets	(2.36)	0.42	(1.94)	0.929	0.920
Solaris Core Australian Equity	7.11	2.66	9.77	1.286	1.279
T. Rowe Price Global Equity	(0.18)	-	(0.18)	1.046	1.040
Templeton Global Equity	1.95	0.63	2.58	0.942	0.934
UBS Defensive Investment	0.87	4.43	5.30	1.017	1.014
van Eyk Blueprint Balanced	4.12	3.83	7.95	1.151	1.146
van Eyk Blueprint Capital Stable	(0.48)	5.64	5.16	1.039	1.037
van Eyk Blueprint High Growth	6.02	2.44	8.46	1.213	1.207
Vanguard Australian Fixed Interest Index	(0.11)	4.62	4.51	1.015	1.011
Vanguard Australian Property Securities Index	0.15	4.01	4.16	0.921	0.917
Vanguard Australian Shares Index	6.78	2.96	9.74	1.015	1.012
Vanguard International Shares Index (Hedged)	0.20	23.23	23.43	1.219	1.211
Walter Scott Global Equity (Hedged)	1.69	19.33	21.02	0.987	0.981
Zurich Investments Global Thematic Share	(2.35)	0.16	(2.19)	0.947	0.946

⁸ Formerly known as InTech Growth.

⁹ Formerly known as InTech International Shares Active (Unhedged).

Directors' report (continued)

Review and results of operations (continued)

Investment option	30 June 2010				
	Returns (non-annualised)			Unit prices (ex-distribution as at 30 June)	
	Capital growth %	Distribution of income %	Total return %	Entry price \$	Exit price \$
Perpetual Australian Share	13.69	3.00	16.69	2.607	2.599
Perpetual Balanced Growth	7.83	2.58	10.41	1.298	1.294
Perpetual Cash	-	2.79	2.79	1.009	1.009
Perpetual Concentrated Equity	9.92	3.17	13.09	1.142	1.139
Perpetual Conservative Growth	6.02	2.86	8.88	1.217	1.215
Perpetual Diversified Growth	6.39	2.99	9.38	0.998	0.995
Perpetual Diversified Income	7.18	4.41	11.59	1.024	1.022
Perpetual Ethical SRI	33.23	3.09	36.32	1.326	1.322
Perpetual Geared Australian	23.79	4.20	27.99	1.111	1.103
Perpetual Global Resources	8.06	1.55	9.61	1.348	1.344
Perpetual Industrial Share	9.65	2.78	12.43	2.130	2.124
Perpetual International Share	2.60	0.05	2.65	0.992	0.987
Perpetual Property Income	6.37	5.64	12.01	0.846	0.834
Perpetual Property Securities	13.27	3.53	16.80	0.642	0.640
Perpetual SHARE-PLUS Long-Short	13.61	2.56	16.17	1.130	1.125
Perpetual Smaller Companies	20.27	3.30	23.57	2.226	2.219
Perpetual Split Growth	5.12	1.23	6.35	0.947	0.943
Quantitative Investments Alpha Core	6.18	2.56	8.74	1.118	1.115
Aberdeen Activity Hedged International Equities	4.90	2.57	7.47	0.985	0.980
Advance Imputation	7.25	2.52	9.77	1.081	1.076
All Star IAM Australian Share	(9.47)	1.09	(8.38)	0.910	0.905
All Star Income	(0.09)	2.48	2.39	1.004	0.999
Alphinity Australian Share ¹	10.22	2.59	12.81	1.186	1.179
AMP Capital Global Property Securities	7.94	0.09	8.03	1.087	1.080
AMP Capital Sustainable Share	8.77	1.02	9.79	1.189	1.183
Arnhem Australian Equity ²	6.98	1.84	8.82	1.145	1.138
Ausbil Australian Active Equity	8.24	2.47	10.71	1.231	1.224
Ausbil Australian Emerging Leaders	12.71	0.27	12.98	1.279	1.271
AXA Global Equity Value	1.09	-	1.09	0.935	0.931
Bentham Global Income ³	25.07	7.35	32.42	1.331	1.318
BlackRock Balanced	5.22	1.59	6.81	1.069	1.066
BlackRock Global Small Cap	12.18	0.05	12.23	1.135	1.124
BlackRock Indexed Australian Listed Property	12.03	5.42	17.45	0.918	0.912
BlackRock Monthly Income	16.38	3.74	20.12	1.123	1.121
BlackRock Scientific Australian Equity	6.21	3.39	9.60	1.153	1.146
BlackRock Scientific Diversified Growth	2.52	3.83	6.35	1.001	0.996
BlackRock Scientific Diversified Stable	1.57	3.95	5.52	0.996	0.992
BlackRock Scientific International Equity	2.69	-	2.69	0.923	0.918
BT Australian Share	6.54	2.03	8.57	1.174	1.169
BT International Share	4.69	0.06	4.75	0.966	0.962
BT Property Securities	11.14	4.43	15.57	0.868	0.863
Colonial First State Balanced	4.38	3.42	7.80	1.040	1.038
DWS Global Equity Thematic	6.25	0.01	6.26	1.068	1.064
Fidelity Australian Equities	13.16	1.91	15.07	1.255	1.249
GMO Global Equity	2.27	0.72	2.99	0.903	0.897
Goldman Sachs Australian Infrastructure ⁴	3.34	3.65	6.99	0.956	0.951

¹ Formerly known as Challenger Australian Share.

² Formerly known as Fortis Investments Australian Equity.

³ Formerly known as Credit Suisse Global Income.

⁴ Formerly known as Goldman Sachs JBWere Australian Infrastructure.

Directors' report (continued)

Review and results of operations (continued)

Investment option	30 June 2010				
	Returns (non-annualised)			Unit prices (ex-distribution as at 30 June)	
	Capital growth %	Distribution of income %	Total return %	Entry price \$	Exit price \$
Ibbotson Australian Shares Active ⁵	6.11	4.35	10.46	1.129	1.124
Ibbotson Balanced Growth ⁶	6.03	2.78	8.81	1.069	1.065
Ibbotson Conservative Growth ⁷	5.12	3.09	8.21	1.049	1.047
Ibbotson Growth ⁸	7.33	2.20	9.53	1.073	1.069
Ibbotson International Shares Active (Unhedged) ⁹	7.36	0.30	7.66	1.011	1.006
ING Diversified Fixed Interest	4.20	4.43	8.63	0.995	0.995
ING Managed Growth	3.04	3.68	6.72	1.005	1.002
ING Tax Effective Income	6.08	3.48	9.56	1.012	1.012
Investors Mutual Australian Share	10.43	3.07	13.50	1.106	1.101
Investors Mutual Future Leaders	19.46	3.46	22.92	1.084	1.078
Lazard Global Listed Infrastructure	11.67	1.24	12.91	1.126	1.120
Macquarie Income Opportunities	4.97	3.56	8.53	1.043	1.040
MFS Global Equity	1.69	0.27	1.96	1.024	1.017
Perennial Value Shares	7.69	2.10	9.79	1.306	1.298
Platinum Asia	9.68	1.06	10.74	1.313	1.306
Platinum International	8.78	-	8.78	1.021	1.016
Premium China	(1.28)	6.52	5.24	0.992	0.987
RREEF Global Property Securities	15.51	12.38	27.89	1.224	1.217
Schroder Australian Equity	11.48	1.84	13.32	1.302	1.294
Schroder Balanced	8.59	4.10	12.69	1.140	1.135
Schroder Fixed Income	3.14	5.46	8.60	0.967	0.966
Schroder Global Emerging Markets	(5.82)	8.77	2.95	0.942	0.942
Solaris Core Australian Equity	6.56	1.18	7.74	1.201	1.194
T. Rowe Price Global Equity	3.02	-	3.02	1.048	1.042
Templeton Global Equity	1.15	0.29	1.44	0.924	0.916
UBS Defensive Investment	6.28	2.51	8.79	1.009	1.005
van Eyk Blueprint Balanced	6.32	2.34	8.66	1.106	1.101
van Eyk Blueprint Capital Stable	3.79	2.81	6.60	1.045	1.042
van Eyk Blueprint High Growth	7.14	1.74	8.88	1.145	1.139
Vanguard Australian Fixed Interest Index	1.43	4.27	5.70	1.016	1.012
Vanguard Australian Property Securities Index	11.91	6.49	18.40	0.920	0.916
Vanguard Australian Shares Index	(5.24)	1.77	(3.47)	0.950	0.948
Vanguard International Shares Index (Hedged)	12.33	0.01	12.34	1.216	1.209
Walter Scott Global Equity (Hedged)	(3.50)	6.25	2.75	0.970	0.965
Zurich Investments Global Thematic Share	(3.15)	1.01	(2.14)	0.970	0.968

⁵ Formerly known as InTech Australian Shares Active.

⁶ Formerly known as InTech Balanced Growth.

⁷ Formerly known as InTech Conservative Growth.

⁸ Formerly known as InTech Growth.

⁹ Formerly known as InTech International Shares Active (Unhedged).

For the 79 investment options, the above returns are for the twelve month period. The above returns have been calculated using exit prices (as at 30 June) after taking into account all ongoing fees, and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation.

Impact of Australian equivalents to International Financial Reporting Standards ("AIFRS") on unit pricing

For the purpose of determining unit prices for applications and redemptions, investment positions are valued at net market value. For example, quoted investments are valued on a last sale basis on the relevant trading day (which includes provision for disposal costs) in accordance with the Scheme's Constitution and governing documents of the Scheme.

Investments are required to be valued at fair value for financial reporting in accordance with AIFRS. For example, long quoted investment positions are valued at the closing bid prices on the relevant trading day (excluding provision for disposal costs).

Directors' report (continued)

Impact of Australian equivalents to International Financial Reporting Standards ("AIFRS") on unit pricing (continued)

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements under AIFRS have been outlined below:

Investment option	30 June 2011 \$'000				
	Perpetual Australian Share	Perpetual Balanced Growth	Perpetual Cash	Perpetual Concentrated Equity	Perpetual Conservative Growth
Net assets for unit pricing purposes	310,973	82,366	10,168	3,060	12,921
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	(378)	(2)	-	-	-
Net assets under AIFRS	310,595	82,364	10,168	3,060	12,921

Investment option	30 June 2011 \$'000				
	Perpetual Diversified Growth	Perpetual Diversified Income	Perpetual Ethical SRI	Perpetual Geared Australian	Perpetual Global Resources
Net assets for unit pricing purposes	718	1,033	3,327	6,718	5,054
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	718	1,033	3,327	6,718	5,054

Investment option	30 June 2011 \$'000				
	Perpetual Industrial Share	Perpetual International Share	Perpetual Property Income	Perpetual Property Securities	Perpetual SHARE-PLUS Long-Short
Net assets for unit pricing purposes	681,655	39,364	131	8,011	844
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	(744)	-	-	-	-
Net assets under AIFRS	680,911	39,364	131	8,011	844

Investment option	30 June 2011 \$'000				
	Perpetual Smaller Companies	Perpetual Split Growth	Aberdeen Activity Hedged International Equities	Advance Imputation	All Star IAM Australian Share
Net assets for unit pricing purposes	371,134	204	1,387	1,031	679
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	371,134	204	1,387	1,031	679

Directors' report (continued)

Impact of Australian equivalents to International Financial Reporting Standards ("AIFRS") on unit pricing (continued)

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements under AIFRS have been outlined below:

Investment option	30 June 2011 \$'000				
	Alphinity Australian Share ¹	AMP Capital Global Property Securities	AMP Capital Sustainable Share	Arnhem Australian Equity ²	Ausbil Australian Active Equity
Net assets for unit pricing purposes	167	1,528	272	1,184	6,889
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	167	1,528	272	1,184	6,889

Investment option	30 June 2011 \$'000				
	Ausbil Australian Emerging Leaders	AXA Global Equity Value	Bentham Global Income ³	BlackRock Balanced	BlackRock Global Small Cap
Net assets for unit pricing purposes	3,237	409	231	7,822	326
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	3,237	409	231	7,822	326

Investment option	30 June 2011 \$'000				
	BlackRock Indexed Australian Listed Property	BlackRock Monthly Income	BlackRock Scientific Australian Equity	BlackRock Scientific Diversified Growth	BlackRock Scientific Diversified Stable
Net assets for unit pricing purposes	2,175	184	409	2,032	568
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	2,175	184	409	2,032	568

Investment option	30 June 2011 \$'000				
	BlackRock Scientific International Equity	BT Australian Share	BT International Share	BT Property Securities	Colonial First State Balanced
Net assets for unit pricing purposes	82	3,614	209	2,439	82
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	82	3,614	209	2,439	82

¹ Formerly known as Challenger Australian Share.

² Formerly known as Fortis Investments Australian Equity.

³ Formerly known as Credit Suisse Global Income.

Directors' report (continued)

Impact of Australian equivalents to International Financial Reporting Standards ("AIFRS") on unit pricing (continued)

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements under AIFRS have been outlined below:

Investment option	30 June 2011 \$'000				
	DWS Global Equity Thematic	Fidelity Australian Equities	GMO Global Equity	Goldman Sachs Australian Infrastructure ⁴	Ibbotson Australian Shares Active ⁵
Net assets for unit pricing purposes	347	10,731	57	180	2,625
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	347	10,731	57	180	2,625

Investment option	30 June 2011 \$'000				
	Ibbotson Balanced Growth ⁶	Ibbotson Conservative Growth ⁷	Ibbotson Growth ⁸	Ibbotson International Shares Active (Unhedged) ⁹	ING Diversified Fixed Interest
Net assets for unit pricing purposes	976	441	2,936	611	3,699
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	976	441	2,936	611	3,699

Investment option	30 June 2011 \$'000				
	ING Managed Growth	ING Tax Effective Income	Investors Mutual Australian Share	Investors Mutual Future Leaders	Lazard Global Listed Infrastructure
Net assets for unit pricing purposes	112	330	677	620	3,366
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	112	330	677	620	3,366

Investment option	30 June 2011 \$'000				
	Macquarie Income Opportunities	MFS Global Equity	Perennial Value Shares	Platinum Asia	Platinum International
Net assets for unit pricing purposes	2,508	4,728	3,096	3,543	6,989
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	2,508	4,728	3,096	3,543	6,989

⁴ Formerly known as Goldman Sachs JBWere Australian Infrastructure.

⁵ Formerly known as InTech Australian Shares Active.

⁶ Formerly known as InTech Balanced Growth.

⁷ Formerly known as InTech Conservative Growth.

⁸ Formerly known as InTech Growth.

⁹ Formerly known as InTech International Shares Active (Unhedged).

Directors' report (continued)

Impact of Australian equivalents to International Financial Reporting Standards ("AIFRS") on unit pricing (continued)

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements under AIFRS have been outlined below:

Investment option	30 June 2011 \$'000				
	Premium China	RREEF Global Property Securities	Schroder Australian Equity	Schroder Balanced	Schroder Fixed Income
Net assets for unit pricing purposes	2,420	788	2,801	1,629	2,613
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	2,420	788	2,801	1,629	2,613

Investment option	30 June 2011 \$'000				
	Schroder Global Emerging Markets	Solaris Core Australian Equity	T. Rowe Price Global Equity	Templeton Global Equity	UBS Defensive Investment
Net assets for unit pricing purposes	1,290	3,445	3,812	201	136
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	1,290	3,445	3,812	201	136

Investment option	30 June 2011 \$'000				
	van Eyk Blueprint Balanced	van Eyk Blueprint Capital Stable	van Eyk Blueprint High Growth	Vanguard Australian Fixed Interest Index	Vanguard Australian Property Securities Index
Net assets for unit pricing purposes	12,731	5,354	2,528	1,507	1,978
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-	-
Net assets under AIFRS	12,731	5,354	2,528	1,507	1,978

Investment option	30 June 2011 \$'000			
	Vanguard Australian Shares Index	Vanguard International Shares Index (Hedged)	Walter Scott Global Equity (Hedged)	Zurich Investments Global Thematic Share
Net assets for unit pricing purposes	2,798	1,357	3,344	3,015
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	-	-	-	-
Net assets under AIFRS	2,798	1,357	3,344	3,015

Directors' report (continued)

Interests in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 6 of the annual financial report.

The value of the Scheme's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 of the annual financial report.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year under review.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2011, the aggregate fair value of the Scheme's investments has fallen. The impact of this movement on the unit price of the Scheme's options is set out in the table below. No adjustment has been made to the fair value of investments recorded in the annual financial statements at 30 June 2011.

Investment Option	% Movement
All Star IAM Australian Share	-13.88%
Alphinity Australian Share ¹	-10.26%
Ausbil Australian Active Equity	-10.89%
Ausbil Australian Emerging Leaders	-11.82%
AXA Global Equity Value	-13.80%
BlackRock Global Small Cap	-13.75%
DWS Global Equity Thematic	-11.10%
Perennial Value Shares	-11.55%
Perpetual Geared Australian	-20.84%
Perpetual Global Resources	-10.32%
Premium China	-14.39%
Schroder Australian Equity	-10.51%
Schroder Global Emerging Markets	-11.98%
Solaris Core Australian Equity	-11.63%
Templeton Global Equity	-10.86%

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Scheme in future financial years.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its related parties out of Scheme property during the year are disclosed in note 10 of the annual financial report.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 10 of the annual financial report.

Directors' report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Perpetual Investment Management Limited or the auditors of the Scheme. So long as the officers of Perpetual Investment Management Limited act in accordance with the Scheme's Constitution and the law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Lead auditor's independence declaration

A copy of the Lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

This report is made in accordance with a resolution of the directors.



R Burrows
Director

Sydney
21 September 2011




Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Perpetual Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG


Robert Warren
Partner

Sydney

21 September 2011

Perpetual WealthFocus Investment Advantage
Statement of comprehensive income
For the year ended 30 June 2011

Statement of comprehensive income		30 June	30 June
	Notes	2011	2010
		\$'000	\$'000
Investment income			
Dividend/distribution income		84,222	70,767
Interest income		771	556
Net gains on financial instruments held at fair value through profit or loss	3	133,443	197,850
Net foreign exchange losses		(61)	(37)
Other operating income		896	379
Total net investment income		<u>219,271</u>	<u>269,515</u>
Expenses			
Responsible Entity's fees	10	25,749	29,100
Other expenses	4	1,991	2,736
Total operating expenses		<u>27,740</u>	<u>31,836</u>
Operating profit		<u>191,531</u>	<u>237,679</u>
Finance costs attributable to unitholders			
Distributions to unitholders	5	55,190	43,789
Interest expense		1	3
Change in net assets attributable to unitholders	6	<u>136,340</u>	<u>193,887</u>
Other comprehensive income		-	-
Total comprehensive income		<u>136,340</u>	<u>193,887</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Perpetual WealthFocus Investment Advantage
Balance sheet
As at 30 June 2011

Balance sheet		30 June	30 June
	Notes	2011	2010
		\$'000	\$'000
Assets			
Cash and cash equivalents		12,460	17,738
Financial assets held at fair value through profit or loss	7	1,652,389	1,604,755
Due from brokers - receivable for securities sold		13,283	4,648
Loans and receivables	9	31,745	15,897
Total assets		<u>1,709,877</u>	<u>1,643,038</u>
Liabilities			
Financial liabilities held at fair value through profit or loss	8	165	428
Distributions payable to the unitholders of the Scheme	5	24,796	16,754
Due to brokers - payable for securities purchased		5,429	9,523
Sundry creditors and accruals		3,655	2,225
Total liabilities (excluding net assets attributable to unitholders)		<u>34,045</u>	<u>28,930</u>
Net assets attributable to unitholders - liability	6	<u>1,675,832</u>	<u>1,614,108</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity and no items of changes in equity have been presented for the current or comparative period.

Perpetual WealthFocus Investment Advantage
Cash flow statement
For the year ended 30 June 2011

Cash flow statement	30 June	30 June
Notes	2011	2010
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Dividends/distributions received	69,584	66,254
Interest received	776	537
Other income received	892	421
Responsible Entity's fees paid	(25,780)	(29,358)
Other expenses paid	(1,998)	(2,740)
Net cash inflow from operating activities	43,474	35,114
12(a)		
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments	1,070,602	1,856,194
Payments for purchase of investments	(997,846)	(1,761,731)
Net cash inflow from investing activities	72,756	94,463
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	212,280	251,723
Payments for redemptions by unitholders	(326,152)	(369,360)
Interest expense paid	(1)	(3)
Distributions paid	(7,635)	(7,622)
Net cash outflow from financing activities	(121,508)	(125,262)
Net (decrease)/increase in cash and cash equivalents	(5,278)	4,315
Cash and cash equivalents at the beginning of the financial year	<u>17,738</u>	<u>13,423</u>
Cash and cash equivalents at the end of the financial year	12,460	17,738
12(b)		

The above cash flow statement should be read in conjunction with the accompanying notes.

1 General information

This annual financial report covers Perpetual WealthFocus Investment Advantage ("the Scheme") as an individual entity. The Scheme was constituted on 16 May 1995. The Scheme will terminate on 15 May 2075 unless terminated earlier in accordance with the provisions of the Scheme's Constitution (as amended). The Scheme is domiciled in Australia.

The Responsible Entity of the Scheme is Perpetual Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 12, 123 Pitt Street, Sydney, NSW, 2000.

The annual financial report was authorised for issue by the directors of the Responsible Entity on 21 September 2011. The directors of the Responsible Entity have the power to amend and reissue the annual financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Principles of preparation

This general purpose annual financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

The annual financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The annual financial report is presented in Australian dollars, which is the Scheme's functional currency.

Compliance with International Financial Reporting Standards

The annual financial report of the Scheme also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Use of estimates and judgement

The preparation of an annual financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Change in accounting policy

The Scheme has adopted the following standards and amendments mandatory for the annual reporting period beginning on or after 1 July 2010:

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139] (effective from accounting periods beginning on or after 1 July 2010)

In May 2009 the AASB issued a number of improvements to AASB 5 *Non current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 136 *Impairment of Assets* and AASB 139 *Financial Instruments: Recognition and Measurement*. The Scheme has applied the revised Standards from 1 July 2010. There are no adjustments as a result of applying the revised rules.

(c) New accounting standards and interpretation

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

(i) *AASB 9 Financial Instruments* and *AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from accounting periods beginning on or after 1 January 2015)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption.

The Scheme has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Scheme's annual financial report.

2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretation (continued)

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards (effective from accounting periods beginning on or after 1 January 2011)*

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Scheme will apply the amended standard from accounting periods beginning on 1 July 2011. It is not expected that the change will have a material impact on the Scheme's annual financial report.

(iii) AASB 13 *Fair Value Measurement (effective from accounting periods beginning on or after 30 June 2014)*

AASB 13 *Fair Value Measurement* includes a definition of fair value and provides guidance on fair value measurement. AASB 13 will become mandatory for the Scheme's 30 June 2014 financial statements. This standard is applied prospectively. The Scheme has not yet determined the potential effect of the standard.

(iv) AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets (effective from accounting periods beginning on or after 1 July 2011)*

In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures on Transfers of Financial Assets* which amends AASB 1 *First time Adoption of Australian Accounting* and AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Scheme's disclosures. The Scheme intends to apply the amendment from 1 July 2011.

(v) *Amendments to AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from accounting periods beginning on or after 1 July 2010 / 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Scheme does not expect that any adjustments will be necessary as a result of applying the revised rules.

(d) Financial instruments

(i) Classification

The Scheme's investments are classified at fair value through profit or loss. They comprise:

- Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts and options are included under this classification. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. The Scheme does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. They include for example, investments in exchange traded debt and equity instruments, unlisted trusts and commercial papers.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Loans and receivables comprise amounts due to the Scheme and applications receivable.

Other financial liabilities include distributions payable to the unitholders of the Scheme, due to brokers - payable for securities purchased, sundry creditors and accruals and redemptions payable.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

• Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

• Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the balance sheet date. Fair values for unquoted equity investments are estimated, if possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Scheme would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

Loans and receivables

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

For the purpose of AASB 7, management considers that the carrying amount of cash and cash equivalents, other receivables, amounts due from brokers and other financial liabilities approximate fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value and subsequently at amortised cost.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

(e) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as a result of the requirement to make mandatory distributions. The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption price) at the balance sheet date if unitholders exercised their right to redeem units in the Scheme.

(f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability on the balance sheet.

(g) Investment income

Interest income is recognised in the statement of comprehensive income for all interest bearing financial instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Scheme estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis as the Scheme is presently entitled to the distributable income of its investee trusts.

Other income is brought to account on an accruals basis.

Realised gains or losses are calculated as the difference between proceeds received from the sale of investments during the year (net of transaction costs) and their respective original costs. Unrealised gains or losses include all unrealised gains or losses recognised during the year on investments held at year end, adjusted for the reversal of previously unrealised gains or losses on investments sold.

(h) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

Interest expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(i) Income tax

Under current legislation, the Scheme is not subject to income tax, provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to all of the income of the Scheme).

Realised net capital losses cannot be distributed to unitholders but are carried forward by the Scheme to be offset against any realised capital gains in future years.

The benefits of franking credits and foreign tax credits are passed on to unitholders, providing certain conditions are met.

(j) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(k) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as Responsible Entity's fees, has been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence Responsible Entity's fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(m) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

3 Net gains on financial instruments held at fair value through profit or loss

	30 June 2011 \$'000	30 June 2010 \$'000
Net unrealised gains/(losses) on financial instruments held for trading	494	(893)
Net unrealised gains on financial instruments designated at fair value through profit or loss	93,228	96,860
Net realised (losses)/gains on financial instruments held for trading	(419)	3,300
Net realised gains on financial instruments designated at fair value through profit or loss	40,140	98,583
Net gains on financial instruments held at fair value through profit or loss	133,443	197,850

Gains and losses presented above excludes interest income, dividend income, dividend expense on securities sold short and interest expense.

4 Other expenses

	30 June 2011 \$'000	30 June 2010 \$'000
Transaction costs	1,991	2,736
Total	1,991	2,736

5 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2011 \$'000	30 June 2010 \$'000
Distributions paid - July	8	2
Distributions paid - August	9	2
Distributions paid - September	4,577	3,855
Distributions paid - October	12	3
Distributions paid - November	10	3
Distributions paid - December	18,493	18,606
Distributions paid - January	11	4
Distributions paid - February	14	5
Distributions paid - March	7,232	4,539
Distributions paid - April	15	11
Distributions paid - May	13	5
Distributions payable - June	24,796	16,754
Total Distributions	55,190	43,789

6 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2011 Units '000	30 June 2010 Units '000	30 June 2011 \$'000	30 June 2010 \$'000
Net assets attributable to unitholders				
Opening balance	848,339	853,554	1,614,108	1,497,758
Applications	240,055	157,917	213,484	251,723
Redemptions	(277,449)	(182,706)	(327,613)	(369,360)
Units issued upon reinvestment of distributions	19,090	19,574	39,513	40,100
Change in net assets attributable to unitholders	-	-	136,340	193,887
Closing balance	<u>830,035</u>	<u>848,339</u>	<u>1,675,832</u>	<u>1,614,108</u>

Investors investing in the Scheme receive one unit in the Scheme, their chosen allocation between investment options determines the make up of this unit. "Notional" units are allocated to each investment option in order to determine the value of each investor's portfolio.

"Notional" unit prices at an investment option level are calculated by:

- establishing the net asset value of the investment option
- dividing the net asset value of the investment option by the number of "notional" units in that investment option in order to determine the net asset value of each "notional unit" within that investment option.

The units on issue disclosed above represent the aggregate "notional" units on issue at 30 June for each investment option. Each "notional" unit per investment option is of the same class and therefore carries equal rights.

At the reporting date, applications include applications receivable of \$1,204,395 (2010: \$nil) and redemptions include redemptions payable of \$1,460,725 (2010: \$nil). The applications receivable and redemptions payable have been included in the loans and receivables, and sundry creditors and accruals, respectively.

(a) Unrealised capital gains

At the reporting date, the Scheme had unrealised net capital gains of \$234,079,521 (2010: \$250,777,636), which if realised, and after offsetting any realised capital losses, would be assessable and distributed to unitholders.

(b) Realised capital losses

At the reporting date, the Scheme had realised capital losses of \$127,800,107 (2010: \$147,214,925) available to offset against future assessable capital gains.

7 Financial assets held at fair value through profit or loss

	Fair value 30 June 2011 \$'000	Fair value 30 June 2010 \$'000
Held for trading		
Bond futures	6	-
Forward foreign exchange contracts	42	-
Exchange traded options	334	334
Share price index futures	-	17
Total return swaps	123	-
	<u>505</u>	<u>351</u>
Designated at fair value through profit or loss		
Equities	974,025	1,005,408
Listed unit trusts	8,184	-
Unlisted unit trusts	669,675	598,996
	<u>1,651,884</u>	<u>1,604,404</u>
Total financial assets held at fair value through profit or loss	<u>1,652,389</u>	<u>1,604,755</u>

Included in the equities class are equities pledged with another counterparty with a carrying amount as at 30 June 2011 of \$2,730,691 (2010: \$2,542,085). The terms and conditions subject to the use of collateral is consistent with the standard Australian Clearing House Rules.

8 Financial liabilities held at fair value through profit or loss

	Fair value 30 June 2011 \$'000	Fair value 30 June 2010 \$'000
Held for trading		
Bond futures	4	5
Exchange traded options	7	70
Forward foreign exchange contracts	15	63
Share price index futures	65	-
Total return swaps	74	290
Total financial liabilities held at fair value through profit or loss	165	428

9 Loans and receivables

	30 June 2011 \$'000	30 June 2010 \$'000
Dividends/distributions receivable	30,150	15,512
Interest receivable	46	51
Applications receivable	1,204	-
Other receivables	345	334
Total loans and receivables	31,745	15,897

10 Related party transactions

Responsible Entity

The Responsible Entity of Perpetual WealthFocus Investment Advantage is Perpetual Investment Management Limited (ABN 18 000 866 535), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Perpetual Investment Management Limited during the year or since the end of the year and up to the date of this report:

R Burrows (appointed 2 April 2008)
A Dodwell (appointed 25 August 2008, Alternate for I Holyman)
C Doyle (appointed 24 September 2009)
G Foster (appointed 3 February 2010, Alternate for R Burrows)
J Hawkins (appointed 3 February 2010, resigned 27 July 2010, Alternate for M Pancino)
J Hawkins (appointed 11 August 2010, resigned 25 February 2011, Alternate for M Miller)
I Holyman (appointed 4 April 2005)
M Miller (appointed 24 September 2009, resigned 11 August 2010, Alternate for C Doyle)
M Miller (appointed 11 August 2010, resigned 25 February 2011)
M Pancino (appointed 2 February 2010, resigned 27 July 2010)
R Brandweiner (appointed 15 March 2011)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during or since the end of the financial year.

Key management personnel unitholdings

From time to time directors of the Scheme, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

At 30 June 2011 M Miller held the following units in the Scheme;

Perpetual Geared Australian Option - nil units (2010: 2,379)
Perpetual Global Resources Option - nil units (2010: 2,155)
Perpetual Industrial Share Option - nil units (2010: 1,365)
Perpetual International Share Option - nil units (2010: 3,096)
Platinum Asia Option - nil units (2010: 2,325)
Premium China Option - nil units (2010: 2,805)

10 Related party transactions (continued)

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Scheme

Apart from those details disclosed in this note, no key management personnel have entered into a contract with the Scheme since the end of the previous financial year and there were no contracts involving director's interests subsisting at year end.

Responsible Entity's fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Scheme's Constitution (as amended). The Responsible Entity's fee is expressed as a percentage of the net asset value (except for the Perpetual Geared Australian option and Perpetual SHARE-PLUS Long-Short option which is expressed as a percentage of the gross asset value) of the option (after taking account of GST and reduced input tax credits) and the total fees across all options are disclosed in the statement of comprehensive income.

Investment Option	Fees %	Investment Option	Fees %
Perpetual Australian Share	1.950	AMP Capital Sustainable Share	1.950
Perpetual Balanced Growth	1.950	Arnhem Australian Equity ²	1.950
Perpetual Cash	1.050	Ausbil Australian Active Equity	1.950
Perpetual Concentrated Equity	1.950	Ausbil Australian Emerging Leaders	2.100
Perpetual Conservative Growth	1.750	AXA Global Equity Value	2.150
Perpetual Diversified Growth	1.850	Bentham Global Income ³	1.650
Perpetual Diversified Income	1.650	BlackRock Balanced	1.850
Perpetual Ethical SRI	2.250	BlackRock Global Small Cap	2.200
Perpetual Geared Australian	1.950	BlackRock Indexed Australian Listed Property	1.500
Perpetual Global Resources	2.250	BlackRock Monthly Income	1.650
Perpetual Industrial Share	1.950	BlackRock Scientific Australian Equity	1.950
Perpetual International Share	2.150	BlackRock Scientific Diversified Growth	1.950
Perpetual Property Income	1.950	BlackRock Scientific Diversified Stable	1.750
Perpetual Property Securities	1.800	BlackRock Scientific International Equity	2.150
Perpetual SHARE-PLUS Long-Short	1.950	BT Australian Share	1.950
Perpetual Smaller Companies	1.950	BT International Share	2.150
Perpetual Split Growth	2.100	BT Property Securities	1.850
Aberdeen Activity Hedged International Equities	2.150	Colonial First State Balanced	1.950
Advance Imputation	1.950	DWS Global Equity Thematic	2.150
All Star IAM Australian Share	2.140	Fidelity Australian Equities	1.950
Alphinity Australian Share ¹	1.950	GMO Global Equity	2.150
AMP Capital Global Property Securities	2.050	Goldman Sachs Australian Infrastructure ⁴	2.050

¹ Formerly known as Challenger Australian Share.

² Formerly known as Fortis Investments Australian Equity.

³ Formerly known as Credit Suisse Global Income.

⁴ Formerly known as Goldman Sachs JBWere Australian Infrastructure.

10 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

Investment Option	Fees %	Investment Option	Fees %
Ibbotson Australian Shares Active ⁵	1.950	RREEF Global Property Securities	2.100
Ibbotson Balanced Growth ⁶	1.850	Schroder Australian Equity	1.950
Ibbotson Conservative Growth ⁷	1.750	Schroder Balanced	1.950
Ibbotson Growth ⁸	1.950	Schroder Fixed Income	1.400
Ibbotson International Shares Active (Unhedged) ⁹	2.150	Schroder Global Emerging Markets	2.350
ING Diversified Fixed Interest	1.600	Solaris Core Australian Equity	1.950
ING Managed Growth	1.950	T. Rowe Price Global Equity	2.150
ING Tax Effective Income	2.000	Templeton Global Equity	2.150
Investors Mutual Australian Share	2.150	UBS Defensive Investment	1.750
Investors Mutual Future Leaders	2.150	van Eyk Blueprint Balanced	1.950
Lazard Global Listed Infrastructure	2.150	van Eyk Blueprint Capital Stable	1.800
Macquarie Income Opportunities	1.400	van Eyk Blueprint High Growth	2.000
MFS Global Equity	2.000	Vanguard Australian Fixed Interest Index	1.300
Perennial Value Shares	1.950	Vanguard Australian Property Securities Index	1.500
Platinum Asia	2.750	Vanguard Australian Shares Index	1.500
Platinum International	2.750	Vanguard International Shares Index (Hedged)	1.700
Premium China	3.000	Walter Scott Global Equity (Hedged)	2.200
		Zurich Investments Global Thematic Share	2.100

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Scheme and the Responsible Entity were as follows:

	30 June 2011 \$	30 June 2010 \$
Responsible Entity's fees paid and payable directly by the Scheme	25,748,586	29,099,627
Application fees (deducted from application monies prior to issue of units)	245,757	369,391
Fees payable to the Responsible Entity as at reporting date (included in sundry creditors and accruals)	2,193,778	2,225,159

⁵ Formerly known as InTech Australian Shares Active.

⁶ Formerly known as InTech Balanced Growth.

⁷ Formerly known as InTech Conservative Growth.

⁸ Formerly known as InTech Growth.

⁹ Formerly known as InTech International Shares Active (Unhedged).

10 Related party transactions (continued)

Related party unitholdings

Parties related to the Scheme (including Perpetual Investment Management Limited, its related parties and other schemes managed by Perpetual Investment Management Limited), held units in the Scheme as follows:

30 June 2011

Company	Number of units held '000	Interest held (%)	Number of units acquired '000	Number of units disposed '000	Distributions paid/ payable by the Scheme \$'000
Perpetual Limited	2,713	0.3	-	134	125
Superannuation funds					
Perpetual WealthFocus Super Plan					
- Perpetual Australian Share Pension Option	13,925	1.7	3,157	3,750	988
- Perpetual Australian Share Super Option	48,811	5.9	8,494	9,978	3,433
- Perpetual Global Resources Pension Option	494	0.1	917	508	17
- Perpetual Global Resources Super Option	1,697	0.2	1,603	553	58
- Perpetual Industrial Share Pension Option	27,877	3.4	4,363	6,266	2,098
- Perpetual Industrial Share Super Option	108,640	13.1	11,050	21,047	8,155
- Perpetual Smaller Companies Pension Option	9,935	1.2	5,797	5,261	999
- Perpetual Smaller Companies Super Option	55,441	6.7	9,536	11,361	5,627
- All Star IAM Australian Share Super Option	388	-	310	33	8
- AMP Capital Global Property Securities Pension Option	322	-	311	5	54
- AMP Capital Global Property Securities Super Option	477	0.1	495	151	82
- Lazard Global Listed Infrastructure Pension Option	619	0.1	337	33	80
- Lazard Global Listed Infrastructure Super Option	1,084	0.1	689	91	140
- MFS Global Equity Pension Option	1,129	0.1	771	32	-
- MFS Global Equity Super Option	1,773	0.2	1,480	178	-
- Premium China Pension Option	47	-	56	9	-
- Premium China Super Option	582	0.1	479	88	-
- Schroder Global Emerging Markets Pension Option	318	-	278	11	1
- Schroder Global Emerging Markets Super Option	517	0.1	460	118	2
- van Eyk Blueprint Balanced Pension Option	2,479	0.3	996	160	104
- van Eyk Blueprint Balanced Super Option	2,874	0.3	2,348	1,055	117
- van Eyk Blueprint Capital Stable Pension Option	1,886	0.2	974	304	108
- van Eyk Blueprint Capital Stable Super Option	1,630	0.2	1,059	332	11
- van Eyk Blueprint High Growth Pension Option	54	-	16	47	2
- van Eyk Blueprint High Growth Super Option	1,381	0.2	897	185	36
- Vanguard Australian Shares Index Pension Option	768	0.1	443	179	20
- Vanguard Australian Shares Index Super Option	1,438	0.2	732	311	36
- Walter Scott Global Equity (Hedged) Pension Option	1,950	0.2	516	253	364
- Walter Scott Global Equity (Hedged) Super Option	969	0.1	583	111	181
- Zurich Investments Global Thematic Share Pension Option	935	0.1	722	62	1
- Zurich Investments Global Thematic Share Super Option	1,003	0.1	727	152	1

10 Related party transactions (continued)

Related party unitholdings (continued)

30 June 2010

Company	Number of units held '000	Interest held (%)	Number of units held acquired '000	Number of units disposed '000	Distributions paid/ payable by the Scheme \$'000
Perpetual Limited	2,847	0.3	667	960	70
Managed investment scheme					
Perpetual Smaller Companies Fund	-	-	1,984	36,042	950
Superannuation funds					
Perpetual WealthFocus Super Plan					
- Perpetual Australian Share Pension Option	14,518	1.7	4,511	4,953	1,070
- Perpetual Australian Share Super Option	50,295	5.9	9,924	10,733	3,648
- Perpetual Global Resources Pension Option	85	-	94	30	1
- Perpetual Global Resources Super Option	647	0.1	1,065	466	11
- Perpetual Industrial Share Pension Option	29,780	3.5	6,083	5,541	1,689
- Perpetual Industrial Share Super Option	118,637	14.0	14,332	16,736	6,871
- Perpetual Smaller Companies Pension Option	9,399	1.1	3,098	3,964	612
- Perpetual Smaller Companies Super Option	57,266	6.8	9,692	10,011	3,622
- All Star IAM Australian Share Super Option	111	-	132	21	1
- AMP Capital Global Property Securities Pension Option	16	-	16	-	-
- AMP Capital Global Property Securities Super Option	133	-	161	28	-
- Lazard Global Listed Infrastructure Pension Option	315	-	380	70	4
- Lazard Global Listed Infrastructure Super Option	486	0.1	588	102	6
- MFS Global Equity Pension Option	390	-	481	91	1
- MFS Global Equity Super Option	471	0.1	521	50	1
- Premium China Super Option	191	-	217	26	12
- Schroder Global Emerging Markets Pension Option	51	-	51	-	4
- Schroder Global Emerging Markets Super Option	175	-	177	2	15
- van Eyk Blueprint Balanced Pension Option	1,643	0.2	1,671	28	37
- van Eyk Blueprint Balanced Super Option	1,581	0.2	1,823	242	36
- van Eyk Blueprint Capital Stable Pension Option	1,216	0.1	1,241	61	29
- van Eyk Blueprint Capital Stable Super Option	903	0.1	1,052	153	21
- van Eyk Blueprint High Growth Pension Option	85	-	87	2	2
- van Eyk Blueprint High Growth Super Option	669	0.1	714	45	12
- Vanguard Australian Shares Index Pension Option	504	0.1	586	82	7
- Vanguard Australian Shares Index Super Option	1,017	0.1	1,064	47	15
- Walter Scott Global Equity (Hedged) Pension Option	1,687	0.2	1,856	169	105
- Walter Scott Global Equity (Hedged) Super Option	497	0.1	554	57	31
- Zurich Investments Global Thematic Share Pension Option	275	-	327	52	3
- Zurich Investments Global Thematic Share Super Option	428	0.1	519	91	4

10 Related party transactions (continued)

Investments

The Scheme held investments in the following schemes which are also managed by Perpetual Investment Management Limited or its related parties:

30 June 2011	Number of units held '000	Fair value of investment \$'000	Interest held (%)	Number of units acquired '000	Number of units disposed '000	Distributions received/ receivable by the Scheme \$'000
Managed investment schemes						
Palisade's Diversified Infrastructure Fund No.2	2,373	1,703	1.3	-	1,826	77
Perpetual Active Fixed Interest Fund	12,125	12,239	4.9	969	9,622	1,163
Perpetual Australian Share Fund	4,888	28,984	1.3	195	911	1,429
Perpetual Cash Management Fund	102	102	-	213,765	246,118	641
Perpetual Diversified Income Fund	8,583	8,033	2.0	3,176	1,414	483
Perpetual Diversified Real Return Fund	5,869	5,739	6.5	5,869	-	365
Perpetual Exact Market Cash Fund	3,388	3,456	0.9	529	734	117
Perpetual Industrial Share Fund	57	93	-	15	2	3
Perpetual Institutional Cash Management Trust	11,256	11,255	0.8	30,379	19,123	434
Perpetual International Share Fund	88,212	60,840	12.2	2,512	15,551	227
Perpetual Resource Fund	2,917	4,658	15.3	3,238	1,186	508
Perpetual Wholesale Concentrated Equity Fund	1,737	3,051	0.3	785	345	102
Perpetual Wholesale Diversified Growth Fund	687	716	0.9	282	144	34
Perpetual Wholesale Ethical SRI Fund	2,447	3,308	0.9	1,032	436	131
Perpetual Wholesale Geared Australian Fund	2,950	6,687	1.2	1,707	1,395	150
Perpetual Wholesale Property Income Fund	8,559	5,271	5.4	685	163	297
Perpetual Wholesale Property Securities Fund	12,422	7,940	13.3	1,019	2,625	291
Perpetual Wholesale SHARE-PLUS Long-Short Fund	431	836	0.9	316	383	24
Perpetual Wholesale Smaller Companies Fund	284,937	365,517	47.9	45,271	58,082	20,182
Perpetual's Mezzanine Mortgage Pool Fund	4,263	4,260	5.4	2,427	1,414	262
Quantitative Investments Wholesale Alpha Core Fund	-	-	-	12	109	-
30 June 2010	Number of units held '000	Fair value of investment \$'000	Interest held (%)	Number of units acquired '000	Number of units disposed '000	Distributions received/ receivable by the Scheme \$'000
Managed investment schemes						
Palisade's Diversified Infrastructure Fund No.2	4,199	2,914	3.0	-	-	66
Perpetual Active Fixed Interest Fund	20,778	21,326	6.1	1,426	891	961
Perpetual Australian Share Fund	5,604	30,564	1.3	285	2,157	1,301
Perpetual Cash Management Fund	32,455	32,455	1.9	335,797	339,907	957
Perpetual Credit Income Fund	-	-	-	1	611	-
Perpetual Diversified Income Fund	6,821	6,248	2.4	2,242	274	286
Perpetual Exact Market Cash Fund	3,593	3,595	0.5	2,263	1,002	34
Perpetual Industrial Share Fund	44	70	-	52	48	2
Perpetual International Share Fund	101,251	72,323	12.2	8,084	13,807	35
Perpetual Resource Fund	865	1,177	6.4	1,331	598	17
Perpetual Wholesale Concentrated Equity Fund	1,297	2,096	0.2	1,082	172	67
Perpetual Wholesale Diversified Growth Fund	549	562	0.7	451	151	18
Perpetual Wholesale Ethical SRI Fund	1,851	2,347	0.7	2,002	460	52
Perpetual Wholesale Geared Australian Fund	2,638	4,985	1.1	2,686	1,065	199
Perpetual Wholesale Property Income Fund	8,037	4,854	5.0	3,066	5	312
Perpetual Wholesale Property Securities Fund	14,028	8,734	12.6	1,420	4,422	305
Perpetual Wholesale SHARE-PLUS Long-Short Fund	498	863	1.1	211	284	31
Perpetual Wholesale Smaller Companies Fund	297,748	310,670	48.9	394,094	96,346	4,424
Perpetual's Mezzanine Mortgage Pool Fund	3,250	3,149	6.0	502	806	251
Quantitative Investments Wholesale Alpha Core Fund	97	91	0.1	23	4	3

11 Auditor's remuneration

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	30 June 2011	30 June 2010
	\$	\$
Audit and audit related services		
KPMG		
Total remuneration for audit and audit related services	253,021	229,765

12 Reconciliation of operating profit to net cash inflow from operating activities

	30 June 2011	30 June 2010
	\$'000	\$'000
(a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	191,531	237,679
Increase in dividends/distributions receivable	(14,638)	(4,513)
Decrease/(increase) in interest receivable	5	(19)
(Increase)/decrease in other receivables	(11)	38
Decrease in sundry creditors and accruals	(31)	(258)
Net losses on financial instruments held at fair value through profit or loss	(133,443)	(197,850)
Net foreign exchange gains	61	37
Net cash inflow from operating activities	43,474	35,114

(b) Components of cash and cash equivalents

Cash as at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:

Cash on hand	12,197	17,693
Future deposits	263	45
Total cash and cash equivalents	12,460	17,738

13 Financial risk management

(a) Overview

The allocation of assets between the various types of financial instruments is determined by the Scheme's asset manager who manages the Scheme's assets to achieve the Scheme's investment objectives.

Divergence from target asset allocations and the composition of the assets is monitored by the Scheme's asset manager on at least a daily basis.

Perpetual Investment Management Limited (PIML), as Responsible Entity of the Scheme, is aware of the risks associated with the business of investment management. A financial risk management framework has been established within PIML which incorporates a regular assessment process to ensure that procedures and controls adequately manage the risks arising from current business activities. Central controls include (but are not limited to):

- integrated computer systems and processes with checks and balances;
- clear policies and procedures covering operations;
- post-trade investment compliance monitoring by outsourced arrangement;
- segregation of the dealing and investment management function from the administration and settlement function;
- an independent service provider for the valuation of securities;
- a compliance function within PIML with a separate reporting line from the Asset Management team; and
- a half-yearly control self-assessment process.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk;
- credit risk; and
- liquidity risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Board of Directors of PIML has overall responsibility for the establishment and oversight of the Scheme's financial risk management framework.

13 Financial risk management (continued)

(a) Overview (continued)

A risk management framework is in operation in PIML. Regular compliance and risk reporting forms an integral part of this framework. This facilitates a flow of information between the business and the PIML Board and its Committees. Any material matters identified are promptly investigated and reported.

The Board of Directors oversee how management monitors compliance with the Scheme's financial risk management policies and procedures. The Board of Directors ensures the continued adequacy of the financial risk management framework.

The use of derivatives is considered to be part of the investment and asset management processes and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- Hedging to protect an asset of the Scheme against a fluctuation in market value or to reduce volatility;
- As a substitute for physical securities until the physical position can be established;
- Adjusting asset exposures within the parameters set in the investment strategy;
- Adjusting the duration of fixed interest assets or the weighted average maturity of cash assets; and
- Creating a short exposure to a stock or market for a Scheme authorised to take net negative positions.

Derivatives are not used to gear (leverage) an asset unless explicitly allowed in accordance with the Scheme's governing documents. Gearing an asset would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Scheme's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Scheme is exposed to market risk influencing investment valuations. At 30 June 2011 the Scheme used forward foreign exchange contracts, bond futures, exchange traded options, share price index futures and total return swaps to manage this risk (30 June 2010: the Scheme used forward foreign exchange contracts, bond futures, exchange traded options, share price index futures and total return swaps).

(i) Currency risk

Schemes that invest in international assets are exposed to currency risk. Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Asset Managers may enter into derivative contracts (such as forwards, swaps, options and futures) through approved foreign exchange dealers to minimise risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each Scheme, and agreed acceptable levels of currency risk, of the Scheme.

The Scheme may enter into transactions denominated in currencies other than Australian dollars. The Scheme is therefore exposed to risks that the exchange rate of the Australian dollar relative to other foreign currencies may change and have an adverse effect on the Scheme's assets and liabilities denominated in currencies other than the Australian dollar.

Foreign currency positions are monitored on a daily basis.

In accordance with the Product Disclosure Statement, the Scheme can invest in international assets. As of the balance sheet date, the Scheme holds no significant investment in international assets.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant to the Scheme other than its cash holdings. Interest income from cash holdings is received at variable interest rates.

(iii) Other market price risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

As the majority of the Scheme's investments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these limit restrictions being reported.

13 Financial risk management (continued)

(b) Market risk (continued)

Sensitivity analysis

An increase of 15% at the reporting date of the market prices would have increased operating profit from operating activities by \$247,829,154 (2010: \$240,695,197). This analysis assumes that all other variables remain constant.

A decrease of 15% would have the equal, but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme. PIML has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

With respect to credit risk arising from the financial assets of the Scheme, other than derivatives, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed on the balance sheet. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Investment management processes include the consideration of counterparty risk. Securities/investments (including derivatives) are only purchased that meet the investment criteria. The Asset Management team within PIML may refer to the quantified credit ratings issued by Standard and Poor's or equivalent rating agency to assess the credit worthiness of counterparties.

Consideration is given (among other things) to branding, stability and security marketability of counterparties and PIML consistently monitors exposure through electronic systems. PIML has broking agreements in place with a limited number of stockbrokers.

Trading in equity futures and options is restricted to trading on an exchange.

Credit risk is not considered to be significant to the Scheme.

Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by Standard and Poor's or equivalent rating agency).

Due from brokers

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(d) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Scheme's Product Disclosure Statement provides for daily redemption of units and it is therefore exposed to liquidity risk of meeting unitholders' redemption at those times.

The Scheme's financial instruments include unlisted investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Scheme may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

The investment management process includes the consideration of liquidity, both in terms of market quality and cash flow. In asset construction, securities/investments (including derivatives) are only purchased that meet investment criteria and this includes the assessment of saleability in different market conditions. Before entering into a transaction, consideration is given to (among others):

- whether the purpose of the investment is consistent with the investment strategy of the Scheme;
- the ease of selling the security should market conditions change unfavourably;
- whether there are sufficient assets to cover the underlying liabilities of that transaction, and;
- the overall liquidity level for the Scheme.

The investment strategies define a range of liquidity levels for the Scheme. PIML has systems in place capable of monitoring and reporting on guidelines and limits.

13 Financial risk management (continued)

(d) Liquidity risk (continued)

The following table represents the contractual maturities of financial liabilities, including interest payments where applicable:

30 June 2011	Carrying amount \$'000	Contractual cash flows \$'000	At call \$'000	6 months or less \$'000	6-12 months \$'000
Non-derivative financial					
Distributions payable to unitholders of the Scheme	24,796	24,796	-	24,796	-
Due to brokers - payable for securities purchased	5,429	5,429	-	5,429	-
Sundry creditors and accruals	3,655	3,655	-	3,655	-
Net assets attributable to unitholders	1,675,832	1,675,832	1,675,832	-	-
Total	1,709,712	1,709,712	1,675,832	33,880	-
Derivative financial liabilities					
Bond futures	4	4	-	4	-
Exchange traded options	7	7	-	7	-
Forward foreign exchange contracts	15				
Outflows		706	-	706	-
Inflows		(706)	-	(706)	-
Share price index futures	65	65	-	65	-
Total return swaps	74	74	-	-	74
Total	165	150	-	76	74
30 June 2010					
	Carrying amount \$'000	Contractual cash flows \$'000	At call \$'000	6 months or less \$'000	6-12 months \$'000
Non-derivative financial liabilities					
Distributions payable to unitholders of the Scheme	16,754	16,754	-	16,754	-
Due to brokers - payable for securities purchased	9,523	9,523	-	9,523	-
Sundry creditors and accruals	2,225	2,225	-	2,225	-
Net assets attributable to unitholders	1,614,108	1,614,108	1,614,108	-	-
Total	1,642,610	1,642,610	1,614,108	28,502	-
Derivative financial liabilities					
Bond futures	5	5	-	5	-
Exchange traded options	70	70	-	70	-
Forward foreign exchange contracts	63				
Outflows		1,303	-	1,303	-
Inflows		(1,303)	-	(1,303)	-
Total return swaps	290	290	-	50	240
Total	428	365	-	125	240

(e) Fair value hierarchy

The Scheme has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Scheme to classify fair value measurements using a fair value hierarchy that reflects the significance of observable inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires judgement by the Responsible Entity. The Responsible Entity considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

13 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2011				
Financial assets				
Financial assets held for trading:				
Bond futures	6	-	-	6
Exchange traded options	334	-	-	334
Forward foreign exchange contracts	-	42	-	42
Total return swaps	-	123	-	123
Financial assets designated at fair value through profit or loss:				
Equities	974,025	-	-	974,025
Listed unit trusts	8,184	-	-	8,184
Unlisted unit trusts	493,271	172,997	3,407	669,675
Total	1,475,820	173,162	3,407	1,652,389
Financial liabilities				
Financial liabilities held for trading:				
Bond futures	4	-	-	4
Exchange traded options	7	-	-	7
Forward foreign exchange contracts	-	15	-	15
Share price index futures	65	-	-	65
Total return swaps	-	74	-	74
Total	76	89	-	165
As at 30 June 2010				
Financial assets				
Financial assets held for trading:				
Exchange traded options	334	-	-	334
Share price index futures	17	-	-	17
Financial assets designated at fair value through profit or loss:				
Equities	1,005,408	-	-	1,005,408
Unlisted unit trusts	466,939	132,057	-	598,996
Total	1,472,698	132,057	-	1,604,755
Financial liabilities				
Financial liabilities held for trading:				
Bond futures	5	-	-	5
Exchange traded options	70	-	-	70
Forward foreign exchange contracts	-	63	-	63
Total return swaps	-	290	-	290
Total	75	353	-	428

The following tables presents the transfers between levels for the year ended 30 June 2011:

As at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 1 and 2:			
Unlisted unit trusts		(716)	716
Transfers between levels 2 and 3:			
Unlisted unit trusts		-	(3,407)

For the year ended 30 June 2010, there have been no transfers between levels.

13 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The following tables present the movement in level 3 instruments for the year ended 30 June 2011 by class of financial instrument:

As at 30 June 2011	Unlisted unit trusts \$'000	Total \$'000
Opening balance	-	-
Purchases	-	-
Sales	(2,441)	(2,441)
Transfers into level 3	5,818	5,818
Gains recognised in profit and loss	30	30
Closing balance	3,407	3,407
Total gains for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	30	30

14 Derivative financial instruments

In the normal course of business the Scheme enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

The Scheme held the following derivative instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Scheme are exchange-traded. The Scheme is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

14 Derivative financial instruments (continued)

(c) Forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Scheme to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward foreign exchange contracts are valued at the prevailing bid price at the end of each reporting period. The Scheme recognises a gain or loss equal to the change in fair value at the end of each reporting period.

(d) Swaps

Total return swaps are valued at fair value in which payments made by the Scheme or the counterparty are based on the total return of a particular reference asset or assets (such as an equity or fixed-income security, a combination of such securities, or an index). The value of the Scheme's swap positions would increase or decrease depending on the changes in value of the underlying rates, currency values, volatility or other indices or measures.

15 Events occurring after the reporting period

Subsequent to 30 June 2011, the aggregate fair value of the Scheme's investments has fallen. The impact of this movement on the unit price of the Scheme's options is set out in the table below. No adjustment has been made to the fair value of investments recorded in the annual financial statements at 30 June 2011.

Investment Option	%
	Movement
All Star IAM Australian Share	-13.88%
Alphinity Australian Share ¹	-10.26%
Ausbil Australian Active Equity	-10.89%
Ausbil Australian Emerging Leaders	-11.82%
AXA Global Equity Value	-13.80%
BlackRock Global Small Cap	-13.75%
DWS Global Equity Thematic	-11.10%
Perennial Value Shares	-11.55%
Perpetual Geared Australian	-20.84%
Perpetual Global Resources	-10.32%
Premium China	-14.39%
Schroder Australian Equity	-10.51%
Schroder Global Emerging Markets	-11.98%
Solaris Core Australian Equity	-11.63%
Templeton Global Equity	-10.86%

No other significant events have occurred since the balance sheet date which would impact on the financial position of the Scheme disclosed in the balance sheet as at 30 June 2011 or on the results and cash flows of the Scheme for the year ended on that date.

16 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2011 or 30 June 2010.

¹ Formerly known as Challenger Australian Share.

Directors' declaration

In the opinion of the directors of Perpetual Investment Management Limited, the Responsible Entity of Perpetual WealthFocus Investment Advantage:

- (a) the annual financial statements and notes, set out on pages 14 to 36, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

This declaration is made in accordance with a resolution of the directors.



R Burrows
Director

Sydney
21 September 2011



Independent auditor's report to the unitholders of Perpetual's Investor Choice Fund (referred to as Perpetual WealthFocus Investment Advantage)

Report on the financial report

We have audited the accompanying financial report of Perpetual WealthFocus Investment Advantage (the Scheme), which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Perpetual Investment Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

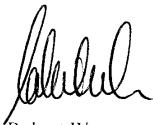
Auditor's opinion

In our opinion:

- (a) the financial report of Perpetual WealthFocus Investment Advantage is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.



KPMG



Robert Warren
Partner

Sydney

21 September 2011

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