

Perpetual Global Resources Fund

December 2011

Fund facts

Investment objective: Aims to provide long-term capital growth through investment in quality global resource shares and other securities.

Benchmark: MSCI Customised All Countries Resources Index^A

Mgmt cost: 2.25%

Buy / Sell spread: 0.50% / 0.00%

Investment style: Active, fundamental, bottom-up, value

Suggested minimum investment period: Seven years or longer

Fund benefits

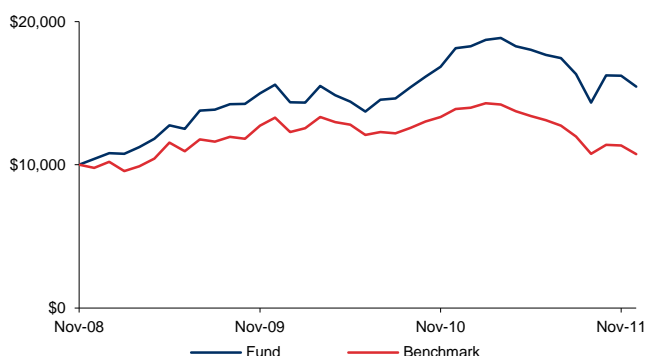
Potential for investors to benefit from the long term growing demand for natural resources globally, through active management by one of Australia's most experienced investment management teams.

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

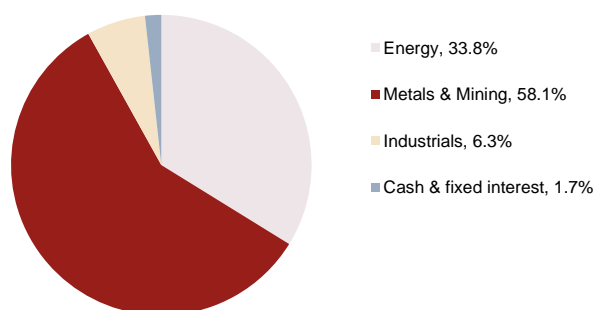
| | APIR | 1 mth | 3 mths | 6 mths | 1 yr | 2 yrs pa | 3 yrs pa | 5 yrs pa | 7 yrs pa |
|--|-----------|-------|--------|--------|-------|----------|----------|----------|----------|
| Perp. WealthFocus Investment Advantage | PER0487AU | -4.7 | 7.9 | -12.5 | -14.7 | -0.4 | 14.1 | - | - |
| Perp. WealthFocus Super | PER0444AU | -4.7 | 7.1 | -11.6 | -13.3 | -0.3 | 13.1 | - | - |
| Perp. WealthFocus Pensions | PER0442AU | -4.7 | 8.0 | -12.1 | -14.2 | -0.9 | - | - | - |
| Perp. WealthFocus Term Allocated Pension | | -4.7 | 8.0 | -12.1 | -14.2 | -0.9 | - | - | - |
| MSCI Customised All Countries Resources Index ^A | | -5.2 | -0.2 | -18.0 | -22.7 | -10.1 | 3.2 | - | - |

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

Growth of \$10,000 since inception



Portfolio sectors¹



Top 10 stock holdings¹

| |
|----------------------------------|
| BHP Billiton plc |
| Rio Tinto plc |
| Inmet Mining Corporation |
| Antofagasta PLC |
| New Hope Corporation Limited |
| Chevron Corporation |
| Xstrata PLC |
| Occidental Petroleum Corporation |
| Kenmare Resources |
| Newmont Mining Corporation |

Portfolio fundamentals¹

| | Portfolio | Benchmark |
|------------------|-----------|-----------|
| Price / Earnings | 9.5 | 8.4 |
| Dividend yield | 2.1% | 2.9% |
| Price / Book | 1.9 | 1.6 |
| Debt / Equity | 5.4% | 25.1% |
| Interest cover | 31.4 | 18.5 |
| Return on Equity | 19.1% | 18.8% |

Source: Factset & UBS PAS

Market commentary

The MSCI Customised All Countries Resources Index fell by 5.2% over the month. Global macroeconomic themes continued to drive equity markets, with investor sentiment still impacted by rising risk aversion due to the ongoing European sovereign debt crisis. In particular, the inability of the European Union to facilitate an adequate solution and the likelihood that this may lead to a break-up of the Eurozone. This was partially offset by a series of resilient economic data releases from the United States.

Commodity prices experienced mixed returns over the month. In US dollar terms, the best performers were nickel (+7.9%), palladium (+7.5%) and copper (+2.0%). The worst performers were the precious metals: gold (-12.3%), platinum (-10.3%) and silver (-10.1%). Zinc (-5.9%) and tin (-5.7%) were also down significantly.

Portfolio commentary

Relative to its custom benchmark, the Fund's largest overweight positions include Canada-based global miner Inmet Mining, Australian thermal coal producer New Hope Corporation and UK-based copper miner Antofagasta. The Fund's largest underweight positions include Anglo American (not held), Vale SA and Goldcorp Inc (not held). These companies are held underweight in the portfolio as they are currently considered expensive relative to other quality companies in our investment universe.

Our overweight position to Ireland-based mining and exploration company Kenmare Resources (+28.3%) contributed to relative performance. During the month the company provided an expansion update on its Moma Titanium mine. It highlighted the completion of its dredge manufacturing, the completion of its structural engineering design and significant progress on its equipment procurement and construction work. Its beach landing system is also in place and operating well. Kenmare is held overweight in the Fund as it is well placed to benefit from the ongoing supply constraints for ilmenite, zircon and rutile. It also has assets with greater than 100 years in reserve life and is expected to increase production significantly over the next few years.

Our overweight position to Australian base metals explorer Mirabela Nickel (-24.3%) detracted from relative performance. Although the price of nickel increased over the month, the company's share price continued to fall after it recently reported a loss of US\$8.4 million for the quarter and US\$45.7 million for the nine months ending 30 September 2011. Despite the result, we remain comfortable with our position in Mirabela. As the company ramps up production over the next year, we expect earnings to increase significantly. The company has a world class deposit with a 23 year reserve life, is a low cost producer and has a simple, proven open pit mine and a conventional sulphide processing plant. It also has sound management and a solid balance sheet.

Outlook

Equity markets continued to be impacted over the month as investors focused once again on the sovereign debt issues in Europe. This continues to create an environment of uncertainty and have implications for global growth. However, the ongoing demand for raw materials from China and India remains strong and continues to benefit many resource companies. In addition, the valuations of many resource companies appear to be factoring in the current global risks and concerns and as a result, many quality resource stocks are trading at a discount to net present value.

What are...?

Global resources funds may invest in companies that are involved in the exploration, production, transport, refining or distribution of natural resources, or companies that provide infrastructure or servicing for this sector.

Why Perpetual

Perpetual is one of Australia's most experienced investment services groups, with an enduring passion for protecting and growing our clients' wealth.

Founded in Sydney in 1886 as Perpetual Trustees, we've helped generations of Australians invest and manage their wealth through all market conditions.

Perpetual process

Perpetual's investment philosophy is a fundamental, conservative bottom-up approach to stock picking and active management, focusing on identifying quality companies that represent good value.

The process is based on comprehensive internal company research using four filters - sound management, conservative debt, quality of business and recurring earnings. Portfolios are constructed by experienced portfolio managers within a pre-determined risk framework.

Did you know?

The Fund's strongest contributor to performance, Kenmare Resources is a mining and exploration company, incorporated in 1972. The company is a member of the FTSE 250 Index. The principal activity of the Group is the operation of the Moma Mine, located on the north east coast of Mozambique. The Moma Mine contains reserves of heavy minerals including the economic titanium minerals ilmenite and rutile, as well as the relatively high-value zirconium silicate mineral, zircon.

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[^] The MSCI Custom Resource Index is comprised of 75% Metals and Mining / Coal and Consumable Fuels, and 25% Energy Equipment and Services and Industry / Gas and Consumable Fuels (excluding Coal and Consumable Fuels). It is based on free float adjusted market capitalisation (unhedged in AUD).

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



Further information

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au