

Perpetual News

This month saw the launch of a new Australian equity strategy. The Pure Equity Alpha Fund is an absolute return long/short strategy managed by Paul Skamvougeras. Paul is the manager for the 120/20 style Share Plus Long Short Fund and since taking over this fund 2 years ago, has delivered an excess return of +7.2%pa over the period. Paul is assisted on these strategies by Anthony Aboud - the pair previously worked together for several years at Ellerston Capital (part of the Packer family holding company).

Australian Equities

The Australian market, as measured by the S&P/ASX 300 Accumulation Index rose by 1.3% for the month, the fourth consecutive monthly gain since the turn of the calendar year. After a strong March quarter, mixed economic news flow saw markets suffer a mild decline early in early April. Markets rallied late in the month on expectations of further interest rate cuts. The best performing sectors were telecommunications (+7.2%) and property trusts (+5.4%). The worst performing sectors were information technology (-3.5%) and industrials (-1.0%). Industrial stocks (+2.0%) outperformed resource stocks (-0.3%) and large companies (+1.3%) outperformed small companies (-0.9%).

All Australian equity funds beat their respective benchmarks in April and over all time periods. In general, key contributors to performance were our overweight positions in Telstra (+7.6%), Crown (+4.7%) and Oil Search (+5.5%). Not holding Newcrest Mining (-11.4%) also contributed to relative performance. Overweight positions to New Hope Corporation (-6.8%) and Orica (-3.9%) detracted from relative performance.

Gross returns for periods ending 30 Apr 2012	1M (%)	3M (%)	6M (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	7Y (%)	10Y (%)
Wholesale Australian Share Fund	1.6	5.3	5.7	-0.2	3.7	14.1	1.3	8.5	10.5
S&P/ASX 300 Accumulation Index [^]	1.3	4.6	4.7	-4.7	-0.1	9.8	-2.4	5.9	7.3
Excess	+0.3	+0.6	+1.0	+4.6	+3.8	+4.3	+3.7	+2.6	+3.3
Wholesale Concentrated Equity Fund	1.9	5.9	6.7	2.7	3.8	13.6	2.7	9.5	11.4
S&P/ASX 300 Accumulation Index [^]	1.3	4.6	4.7	-4.7	-0.1	9.8	-2.4	5.9	7.3
Excess	+0.6	+1.2	+2.0	+7.5	+3.8	+3.8	+5.1	+3.6	+4.1
Wholesale Smaller Companies Fund	-0.9	7.6	5.5	-3.1	11.3	23.2	1.8	10.4	12.5
S&P/ASX Small Ordinaries Accumulation Index	-0.9	5.7	5.0	-7.0	1.4	12.7	-5.0	5.5	7.8
Excess	+0.0	+1.9	+0.5	+3.9	+10.0	+10.5	+6.8	+4.9	+4.8
Wholesale Ethical SRI Fund	2.3	12.4	13.9	6.7	5.7	22.8	2.7	11.4	12.0
S&P/ASX 300 Accumulation Index [^]	1.3	4.6	4.7	-4.7	-0.1	9.8	-2.4	5.9	7.3
Excess	+1.0	+7.7	+9.2	+11.4	+5.7	+13.1	+5.1	+5.5	+4.8
Wholesale SHARE-PLUS Long-Short Fund	2.9	8.0	6.9	2.0	7.1	15.8	3.1	9.2	-
S&P/ASX 300 Accumulation Index [^]	1.3	4.6	4.7	-4.7	-0.1	9.8	-2.4	5.9	-
Excess	+1.6	+3.3	+2.2	+6.7	+7.2	+6.0	+5.6	+3.3	-

Global Resources

Global equity markets, as measured by the MSCI World ex Australia Accumulation Index fell 1.7% in Australian dollar terms over the month. After a strong March quarter, equity markets lost momentum on the back of weakening growth indicators and renewed concerns over European sovereign debt. Data released from the United States was also softer than recent months, resulting in a reduction in investor appetite for risky assets such as shares.

The Global Resources Fund outperformed its benchmark. Our overweight positions to First Quantum Minerals (+13.0%) and Xstrata (+13.5%) were contributors to relative performance. First Quantum rallied on speculation it may be an acquisition target for global copper companies looking to replenish reserves. First Quantum has operations on four continents and is expected to triple production in the near term, leading to significant earnings growth. Our overweight positions to New Hope Corporation (-6.9%) and Mirabela Nickel (-13.3%) detracted from relative performance. Mirabela's stock price was negatively impacted by a weak third quarter production report. Both production and sales of nickel concentrate declined, whilst cash costs remained high as a result of lower mine grades. Despite the result, we continue to hold Mirabela. Its Santa Rita mine has a long life with organic expansion options and management are focused on reducing the cost of production.

Gross returns for periods ending 30 Apr 2012	1M (%)	3M (%)	6M (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	7Y (%)	10Y (%)
Global Resources Fund	-0.5	-5.1	-4.8	-14.5	3.7	11.7	7.6	-	-
MSCI Custom Resources Index ¹	-1.8	-4.7	-3.4	-19.8	-7.9	1.8	-0.9	-	-
Excess	+1.3	-0.4	-1.4	+5.3	+11.6	+9.8	+8.5	-	-

Diversified Funds

The multi-sector portfolios outperformed their respective composite benchmarks over the month. Security selection was positive as a result of outperformance in both growth and income asset classes. Asset allocation also contributed to excess returns aided by an overweight tilt to Australian equities. Our position to equities was supported by through-the-cycle valuations and an upward momentum in earnings revision. A drop in government yields over the month prompted us to underweight bonds as valuations appeared expensive from an absolute perspective.

Gross returns for periods ending 30 Apr 2012	1M (%)	3M (%)	6M (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	7Y (%)	10Y (%)
Wholesale Conservative Growth Fund	0.9	3.1	5.8	7.6	7.0	9.0	5.1	6.9	-
Conservative Growth Index	0.6	2.4	4.6	5.8	5.9	7.2	3.5	5.8	-
Excess	+0.3	+0.7	+1.2	+1.8	+1.1	+1.8	+1.6	+1.1	-
Wholesale Diversified Growth Fund	0.7	4.1	6.6	6.5	6.2	9.3	3.3	6.2	6.5
Diversified Growth Index	0.4	3.2	5.2	3.7	4.6	7.2	1.4	5.0	5.1
Excess	+0.4	+0.8	+1.4	+2.8	+1.6	+2.1	+2.0	+1.2	+1.4
Wholesale Balanced Growth Fund	0.7	4.5	7.1	5.3	5.3	9.8	1.3	5.6	6.3
Balanced Growth Index	0.2	3.8	5.6	2.2	3.8	7.6	0.0	5.0	5.1
Excess	+0.5	+0.7	+1.6	+3.1	+1.5	+2.1	+1.3	+0.6	+1.2

Fixed Income Funds

Credit markets exhibited a softening tone in sentiment, driven by deceleration of global growth and resurgence in periphery uncertainty. April brought further signs of a moderation in the pace of expansion in economic activity. Europe remained another key driver of credit globally, with much of the focus on developments in Spain and Italy. Domestically, the spreads on investment grade corporate cash bonds remained resilient despite a challenging macroeconomic environment.

The majority of fixed income funds outperformed their respective benchmarks over all time periods.

Gross returns for periods ending 30 Apr 2012	1M (%)	3M (%)	6M (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	7Y (%)	10Y (%)
Premium Treasury Fund	0.4	1.5	2.9	5.5	6.5	7.1	5.8	6.0	-
UBS Bank Bill Index	0.4	1.1	2.3	4.9	4.9	4.5	5.4	5.5	-
Excess	+0.1	+0.4	+0.6	+0.7	+1.6	+2.6	+0.5	+0.4	-
High Grade Treasury Fund	0.4	1.7	3.1	5.6	6.7	7.7	5.5	5.7	-
UBS Bank Bill Index	0.4	1.1	2.3	4.9	4.9	4.5	5.4	5.5	-
Excess	+0.1	+0.6	+0.8	+0.7	+1.8	+3.2	+0.1	+0.2	-
Credit Income Fund	0.4	2.0	3.2	5.5	7.1	9.5	4.5	5.1	-
UBS Bank Bill Index	0.4	1.1	2.3	4.9	4.9	4.5	5.4	5.5	-
Excess	0.0	+0.9	+0.9	+0.6	+2.2	+5.0	-0.9	-0.5	-
Wholesale Diversified Income Fund	0.5	2.0	3.5	6.2	7.6	10.4	4.8	-	-
UBS Bank Bill Index	0.4	1.1	2.3	4.9	4.9	4.5	5.4	-	-
Excess	+0.1	+0.9	+1.1	+1.3	+2.7	+6.0	-0.5	-	-
Active Fixed Interest Fund	1.6	2.6	5.9	11.9	10.3	8.8	8.0	7.2	-
UBS Composite Bond Index	1.6	2.3	5.0	11.2	9.0	7.0	7.5	6.7	-
Excess	+0.0	+0.4	+0.9	+0.7	+1.3	+1.8	+0.6	+0.5	-

Performance for periods greater than 1 year have been annualised. Returns shown for the funds have been calculated using exit prices and assuming the re-investment of distributions with no allowance made for contribution or withdrawal fees or taxation. Past performance is not indicative of future performance.

Equities

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^ Benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index.

¹ 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).

INVESTING FOR GENERATIONS

