

Perpetual's Select Superannuation Fund



**Perpetual Select Super Plan
Perpetual Select Pension Plan
Annual Report
Year ended 30 June 2011**

Perpetual Superannuation Limited
ABN 84 008 416 831
AFSL 225246
RSE L0003315

Directory

Fund

Perpetual's Select Superannuation Fund (Fund)
ABN 51 068 260 563
RSE R10570344

Products

Perpetual Select Super Plan (Super Plan)
SPIN PER0138AU

Perpetual Select Pension Plan (Pension Plan)
SPIN PER0279AU (Term Allocated Pension)
SPIN PER0405AU (Account Based Pension)

Issuer and Trustee

Perpetual Superannuation Limited (Trustee)
ABN 84 008 416 831
AFSL 225246
RSE L0003315

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Important notes and disclaimer

This Annual Report (Report) is a Fund Information Statement, as required to be issued under the Corporations Act, and has been prepared by the Trustee in October 2011 for members of the Fund. In this Report, 'we', 'us', 'our' and 'Perpetual Superannuation' are references to the Trustee.

The Trustee is part of the Perpetual Group, which comprises Perpetual Limited and its subsidiaries. Although the Trustee believes the information in this Report is accurate and reliable as at the date of issue, no company in the Perpetual Group, nor any director or officer of any company in the Perpetual Group, makes any representation or warranty as to the accuracy, reliability or completeness of material in this Report. Except in so far as liability under any statute cannot be excluded, companies in the Perpetual Group and directors, officers, employees and consultants of companies in the Perpetual Group do not accept any liability (whether arising in contract, tort, negligence or otherwise) for any error or omission in this Report or for any loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this information or any other person.

Some of the information in this Report is based on an interpretation of relevant laws that were current as at 30 June 2011. None of the information in this Report constitutes financial product advice. No member or any other person should act on the basis of any statement, matter or thing in this Report without first obtaining independent advice.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. Investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and capital invested.



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Directors' message

Dear Member

On behalf of the Trustee of Perpetual's Select Superannuation Fund (Fund), we are pleased to present the Fund's Annual Report for the year ended 30 June 2011. The Fund consists of the following products:

- Perpetual Select Super Plan (Super Plan) and
- Perpetual Select Pension Plan (Pension Plan).

This Report should be read in conjunction with the Annual Statement for the year ended 30 June 2011, which details your specific benefit entitlements under the Fund.

This Report brings you up to date with relevant details relating to the Fund (including the Investment Options available to members) and recent product improvements, including a new Investment Option and pension refresh facility (see page 4 for details). It also provides information on important changes in the superannuation environment, including several changes affecting contributions and separate one-off levies imposed by the Government for the 2010/2011 and 2011/2012 financial years (see page 3 for details)

It has been another unsettled year for investment markets. Apart from ongoing concerns over the strength of economic recovery and unsustainable government debt in many developed countries, there was a string of other events that affected the markets – natural disasters in Australia, New Zealand and Japan, new minority governments in Australia and the UK, and civil uprisings in the Middle East and North Africa. However, most sharemarkets around the world continued to recover from their lows of March 2009, until drifting in the final quarter, while credit markets were relatively stable.

With the unpredictable nature of financial markets, from day to day and year to year, it makes sense to diversify and take the long term view when it comes to investing. Financial markets experience and recover from major crises in fits and starts, but history suggests they're likely to stabilise and prosper over time.

On 28 September 2011, it was 125 years since Perpetual was founded. Over that time, Perpetual has witnessed constant social, technological and financial change. The way Perpetual operates and the products and services provided have had to adapt to the broader changes in society.

But some things never change. Perpetual's goal as a financial institution is still to help you manage, invest and preserve your wealth so you can achieve your life dreams, whatever they may be. We are still guided by the same values – integrity, transparency, and respect for our clients; and the need for highly qualified people to apply the highest professional standards in managing your money. History also shows us that we should never lose sight of fundamental investment principles, and the need for diligence in applying them. These are some of the things we've learnt at Perpetual over the past 125 years and which we will continue to uphold in the future.

If you are a Super Plan member and have other superannuation accounts you may like to consider consolidating them into your Super Plan account. This should make it easier to keep track of your superannuation and may save you on total fees and costs. You can download a Transfer Authority form from our website at www.perpetual.com.au/forms or phone us on 1800 003 001 to request a form. We recommend you speak with your financial adviser about whether this is appropriate for you.

Thank you for entrusting us to look after your superannuation and retirement savings.

Directors, Perpetual Superannuation Limited

Superannuation changes

Federal Budget changes affecting superannuation

The Government used its 10 May 2011 Budget to announce the following changes affecting superannuation.

Higher superannuation contribution caps for over 50s

The general concessional contributions cap is \$25,000 for the 2011/2012 financial year. This amount will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) once the increase in the indexed amount is greater than \$5,000.

However, if you are already aged 50 or turn 50 between 1 July 2011 and 30 June 2012, you can instead make concessional contributions up to \$50,000 for the 2011/2012 financial year. The Government has announced that, from 1 July 2012, the higher concessional contributions cap for eligible individuals aged 50 and over with total superannuation balances of less than \$500,000 will be \$25,000 above the general concessional contributions cap.

Once-only refund of excess concessional contributions

Concessional contributions include compulsory superannuation guarantee contributions, salary sacrifice contributions and other deductible contributions. Excess contributions tax of 31.5% (in addition to the 15% tax when contributions are made to the fund) is incurred where an individual exceeds their concessional contributions cap.

The Government has proposed that, commencing from the 2011/2012 financial year, if an individual breaches the cap for the first time, by \$10,000 or less, they will have the option to have these excess contributions refunded and taxed at their marginal tax rate rather than incur the 46.5% effective excess contributions tax rate.

Superannuation co-contributions

Individuals earning up to \$31,920 are currently eligible for the full co-contribution on personal after-tax contributions up to \$1,000, and those earning up to \$61,920 can receive a part-payment. These limits will remain frozen for an additional year to 2012/2013, rather than being indexed annually as was the case before 2010/2011.

Phasing out of pension drawdown relief

The minimum payment amounts for account-based pensions and term allocated pensions have been reduced by 25% for the 2011/2012 financial year and will return to normal in 2012/2013. This represents a phasing out of the Government's 50% pension drawdown relief that was provided for the 2008/2009, 2009/2010 and 2010/2011 financial years, which was designed to assist pension account balances recover from capital losses resulting from the global financial crisis.

Greater use of tax file numbers

The Government will allow superannuation fund trustees and retirement savings account (RSA) providers to make greater use of tax file numbers (TFNs) to:

- locate member accounts (with effect from 1 July 2011)
- facilitate the consolidation of multiple member accounts (with effect from 1 January 2012, if not proclaimed earlier).

Other changes

Flood levy

Following the Queensland floods in January 2011, the Federal Government has introduced a flood levy for the 2011/2012 financial year to assist affected communities to recover and rebuild essential infrastructure that was lost.

The flood levy applies to individual taxpayers who have a taxable income of more than \$50,000 in 2011/2012. Lump sum superannuation and pension payments which form part of an individual's taxable income are also included in the calculations.

Payments from the Super Plan and Pension Plan are affected by the levy. We will automatically calculate and withhold any relevant levy from payments made from the Super Plan and Pension Plan unless you are over 60 years of age, the payment is exempt or we are notified of an exemption prior to processing a payment.

The levy is calculated at a rate of 0.5% on the taxable component of lump sum superannuation payment amounts between \$50,000 and \$100,000. For amounts over \$100,000, the levy is \$250 plus 1% of the amount over \$100,000. Each lump sum superannuation payment is treated separately when calculating the levy. For pension payments, the levy is calculated based on the total annual taxable component of the pension.

Financial assistance levy

In April 2011, the Federal Government announced that they would provide financial assistance to members of the four superannuation funds that were formerly under the trusteeship of Trio Capital Limited through a \$55 million grant. This financial assistance grant came in the form of a levy, the Financial Assistance Levy (FAL), payable by all trustees of APRA regulated super funds and approved deposit funds. As the Fund is an APRA regulated super fund we had to pay this levy.

As this was a compulsory levy which has been incurred in performing our duties and obligations as trustee, it has been reimbursed from the Fund as an abnormal operating expense. The FAL was calculated based on the value of the Fund (including the former Garnet Superannuation Fund) as at 30 June 2010 at the rate of 0.0001347, which amounted to \$200,144.

Product update

New 'Diversified' Investment Option

A new 'Diversified' Investment Option was introduced in the Super Plan and Pension Plan on 1 June 2011.

Originally developed specifically to facilitate a successor fund transfer of members from the former Garnet Superannuation Fund, this new Investment Option was also made available to all members of both the Super Plan and Pension Plan from 1 June 2011. Further details, including the investment objective and investment guidelines for the Diversified Investment Option can be found on page 7 of this Report and in:

- Supplementary Product Disclosure Statement number 1 dated 1 June 2011 for Product Disclosure Statement issue number 4 dated 31 March 2010 for Perpetual Select Super Plan
- Supplementary Product Disclosure Statement number 1 dated 1 June 2011 for Product Disclosure Statement issue number 4 dated 31 March 2010 for Perpetual Select Pension Plan.

Pension Plan – new pension refresh facility

The Pension Plan now also offers a pension refresh facility, which provides an easy way for members to consolidate their existing Pension Plan account balance with any additional accrued superannuation benefits at any time after they have commenced their pension. This may be particularly useful, for example, for Pension Plan members who continue working and receiving superannuation contributions after they have commenced receiving a pension, as it does away with the need for multiple pension accounts if they also want to take those additional superannuation benefits as a pension.

Please refer to the 'Pension refresh facility' form available at our website for more information and to take advantage of this feature.

Indexation of fee amounts

The following amounts have been increased in line with cumulative increases in the Consumer Price Index (CPI).

Member fee

With effect from 1 July 2011, the member fee has increased from \$8.69 per month (\$104.28 annually) to \$8.98 per month (\$107.76 annually).

Management fee rebates

Historical management costs are outlined on pages 7-13 of this Report. Management fee rebates are available to members with large account balances. Qualifying levels have been increased from 1 July 2011, as follows:

Value of investment		Rebate % pa (unchanged)
Old qualifying level	New qualifying level	
\$233,600	\$241,400	Nil
\$545,100	\$563,300	0.50
\$778,700	\$804,700	1.15

Investment information

Trustee's investment objective

The Trustee's investment objective is to provide a comprehensive and suitable range of Investment Options from which all members can select investments that are suitable for their personal circumstances at any particular time.

Trustee's investment strategy

The Trustee's investment strategy is to provide a range of Investment Options with different risk/return profiles.

The variety of Investment Options offers members diversification across different asset classes, regions and markets. Most Investment Options also offer further diversification across a range of specialist investment managers.

Derivatives

Perpetual's multi-manager investment team and some of the investment managers with which the Fund invests may use derivatives to reduce risks in the share, bond and currency markets and to increase or decrease their exposure to particular investment sectors or markets. While derivatives may be used for trading purposes, they are generally not used to gear investments.

Investment Options

Relevant details for each of the Investment Options available to Fund members are provided on pages 7-13 of this Report, including:

- investment objective
- investment guidelines
- option size
- historical management cost
- investment performance
- asset allocations.

Full details of the Investment Options that are currently available to all members are contained in the current Product Disclosure Statement (PDS) for each of the Super Plan and the Pension Plan, both of which are available at our website or by calling us.

The latest available performance figures (updated each month) may be obtained at our website or by calling us.

Investment performance has been calculated net of any management fees and costs and (for the Super Plan) income tax of up to 15%. No allowance has been made for contribution fees, the member fee or any fee rebates. Care should be exercised in relying on past performance. Historical performance is not a reliable guide to future performance.

The asset allocations shown on pages 7-13 are based on the Super Plan, which may in some cases differ marginally from asset allocations for the Pension Plan.

The Trustee may add, vary or withdraw Investment Options at its discretion.

Specialist investment managers

The specialist investment managers appointed by the Trustee to manage the various asset classes within the Investment Options are shown in the following table. Visit our website for further information.

The Trustee may add, delete or replace specialist investment managers at its discretion.

Select specialist investment managers as at 30 June 2011

Asset class	Investment manager(s)
Capital guaranteed	Perpetual Investments
Cash	Perpetual Investments
Fixed income	Aberdeen Asset Management Limited Loomis, Sayles & Company Macquarie Funds Group Management Perpetual Investments PIMCO
Real estate	Perennial Real Estate Investments Pty Ltd Perpetual Investments Resolution Capital Limited
Australian shares	Constellation Capital Management Limited Cooper Investors DMP Asset Management Kaplan Funds Management Pty Limited Perpetual Investments Renaissance Asset Management
International shares	Acadian Asset Management Bedlam Asset Management plc Gryphon International Investment Corporation Johnston Asset Management Mackenzie Global Advisors PI Investment Management ¹ SouthernSun Asset Management
Alternative assets – defensive ²	Bentham Asset Management Hastings Funds Management Perpetual Investments
Alternative assets – growth ²	American Securities APN Funds Management Franklin Templeton Real Estate Advisors Hamilton Lane Hastings Funds Management H.I.G. Capital Magellan Asset Management Palisade Partners Wellspring Capital Management

1 Subsequent to the reporting date, this investment manager was deleted as at 15 August 2011 and replaced by Perpetual Investments.

2 There are also tailored mandates for defensive and growth hedge fund investments.

Obtaining updated details on the Investment Options

Investment details

From time to time, some of the information in the PDS about the Investment Options may change. This includes details such as their:

- investment objective
- investment approach
- investment guidelines (eg asset allocation ranges).

Visit our website for up-to-date Investment Option information, together with the latest available investment performance details. Alternatively, such information may be accessed by contacting us.

Buy/sell spreads

We will not increase fees or charges without providing you with 30 days' written notice except in respect of government fees and charges. Transaction costs are normally reviewed at least annually. This review may result in changes to the buy/sell spreads on various Investment Options.

The current buy/sell spreads as at October 2011 are as follows.

Investment Option	Buy/sell spread
Conservative	0.16%/0.00%
Diversified	0.24%/0.00%
Balanced	0.26%/0.00%
Growth	0.28%/0.00%
High Growth	0.30%/0.00%
Geared High Growth	0.46%/0.00%
Cash	Nil
Fixed Income	0.13%/0.00%
Real Estate	0.42%/0.00%
Australian Share	0.34%/0.00%
Geared Australian Share	0.68%/0.00%
Limited Share	0.30%/0.00%
International Share	0.40%/0.00%
Capital Guarantee	Nil

Visit our website (or contact us) for details of the current buy/sell spreads at any time.

Multi-asset class Investment Options

Investment Option name	Conservative			Diversified		
Investment objective	Stable returns through investment in a diversified portfolio with an emphasis on fixed income and cash and enhanced cash investments.			Long-term growth through investment in a diversified portfolio of assets.		
Investment guidelines		Benchmark	Ranges		Ranges	
	Cash and enhanced cash ¹	25%	15-35%	Cash and enhanced cash ¹		3-10%
	Fixed income ²	30%	20-40%	Australian fixed income ²		25-55%
	Defensive alternatives	10%	0-20%	Real estate ³		0-20%
	Real estate ³	8%	0-15%	Australian shares		25-55%
	Australian shares	12%	0-20%	International shares		0-25%
	International shares	10%	0-20%			
	Growth alternatives	5%	0-15%			
Option size as at 30 June 2011	Super Plan:		\$32.9 million	Super Plan:		\$84.8 million
	Pension Plan:		\$43.9 million	Pension Plan:		\$62.1 million
Historical management cost for year ended 30 June 2011	Super Plan:		2.18% ⁴	Super Plan:		2.02% ⁴
	Pension Plan:		2.13% ⁴	Pension Plan:		2.02% ⁴
Investment performance (net earnings) % pa (see page 5 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2007	8.4%	10.1%	2007	n/a	n/a
	2008	-5.3%	-6.1%	2008	n/a	n/a
	2009	-4.0%	-4.1%	2009	n/a	n/a
	2010	7.2%	9.3%	2010	n/a	n/a
	2011	6.1%	7.2%	2011	n/a	n/a
	5-year compound average return to 30 June 2011			Compound average return since inception to 30 June 2011 (June 2011)		
		2.3%	3.0%		n/a	n/a
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Australian shares	11%	12%	Australian shares	n/a	36%
	International shares	10%	10%	International shares	n/a	10%
	Real estate	7%	7%	Real estate	n/a	5%
	Growth alternatives	5%	6%	Australian fixed income	n/a	45%
	Fixed income	29%	27%	Cash and enhanced cash	n/a	4%
	Defensive alternatives	10%	10%			
	Cash and enhanced cash	28%	28%			

1 Enhanced cash investments include cash investments (which include discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans), fixed income instruments, hybrid securities, loans and other income generating securities. The maturity dates of investments are typically longer than cash and they may have a lower credit rating than those in a money market fund, however, they are usually managed to short interest rate exposures.

2 Fixed income instruments involve investing in securities issued by an issuer for a pre-determined period. The issuers may include governments, banks, corporations and asset backed trusts. The instruments when issued usually provide a return in the form of defined periodic income payments and the return of principal at maturity. These income payments are either fixed when issued or set periodically against a benchmark.

3 The currency exposure of international real estate assets in the underlying Perpetual Select Real Estate Fund is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

4 These multi-asset class Investment Options have varying exposure to underlying funds where a performance fee may be payable to the specialist investment managers. The performance fee payable to specialist investment managers is included in the management costs of the underlying Perpetual Select Australian Share Fund and Perpetual Select International Share Fund, which form a component of the total management costs of the multi-asset class Investment Options.

Investment Option name	Balanced			Growth		
Investment objective	Long-term growth through investment in a diversified portfolio with an emphasis on Australian and international share investments.			Long-term growth through investment in a diversified portfolio with a strong emphasis on Australian and international share investments.		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	Cash and enhanced cash ¹	2%	0-10%	Cash and enhanced cash ¹	2%	0-10%
	Fixed income ²	23%	15-35%	Fixed income ²	13%	5-25%
	Defensive alternatives	5%	0-15%	Real estate ³	10%	0-20%
	Real estate ³	10%	0-20%	Australian shares	32%	20-40%
	Australian shares	26%	15-35%	International shares	28%	20-40%
	International shares	24%	15-35%	Growth alternatives	15%	0-25%
	Growth alternatives	10%	0-20%			
Option size as at 30 June 2011	Super Plan:		\$324.8 million	Super Plan:		\$261.3 million
	Pension Plan:		\$228.7 million	Pension Plan:		\$170.7 million
Historical management cost for year ended 30 June 2011	Super Plan:		2.40% ⁴	Super Plan:		2.31% ⁴
	Pension Plan:		2.27% ⁴	Pension Plan:		2.30% ⁴
Investment performance (net earnings) % pa (see page 5 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2007	11.6%	14.2%	2007	13.1%	16.1%
	2008	-11.7%	-14.0%	2008	-14.0%	-17.1%
	2009	-9.7%	-10.9%	2009	-13.7%	-15.5%
	2010	7.6%	10.3%	2010	7.9%	10.6%
	2011	7.1%	8.4%	2011	7.4%	8.9%
	5-year compound average return to 30 June 2011			5-year compound average return to 30 June 2011		
		0.5%	0.9%		-0.5%	-0.4%
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Australian shares	26%	27%	Australian shares	31%	32%
	International shares	25%	24%	International shares	29%	28%
	Real estate	10%	10%	Real estate	11%	10%
	Growth alternatives	7%	9%	Growth alternatives	12%	15%
	Fixed income	23%	20%	Fixed income	13%	10%
	Defensive alternatives	4%	5%	Cash and enhanced cash	4%	5%
	Cash and enhanced cash	5%	5%			

1 Enhanced cash investments include cash investments (which include discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans), fixed income instruments, hybrid securities, loans and other income generating securities. The maturity dates of investments are typically longer than cash and they may have a lower credit rating than those in a money market fund, however, they are usually managed to short interest rate exposures.

2 Fixed income instruments involve investing in securities issued by an issuer for a pre-determined period. The issuers may include governments, banks, corporations and asset backed trusts. The instruments when issued usually provide a return in the form of defined periodic income payments and the return of principal at maturity. These income payments are either fixed when issued or set periodically against a benchmark.

3 The currency exposure of international real estate assets in the underlying Perpetual Select Real Estate Fund is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

4 These multi-asset class Investment Options have varying exposure to underlying funds where a performance fee may be payable to the specialist investment managers. The performance fee payable to specialist investment managers is included in the management costs of the underlying Perpetual Select Australian Share Fund and Perpetual Select International Share Fund, which form a component of the total management costs of the multi-asset class Investment Options.

Investment Option name	High Growth			Geared High Growth (Super Plan only)		
Investment objective	Long-term growth through investment in a diversified portfolio with a strong emphasis on Australian and international shares, as well as growth alternative investments.			Enhanced long-term growth through borrowing (gearing) to invest in a diversified portfolio with a strong emphasis on Australian and international shares, as well as growth alternative investments.		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	Cash and enhanced cash ¹	2%	0-12%	Cash and enhanced cash ¹	2%	0-12%
	Australian shares	48%	35-60%	Australian shares	48%	35-60%
	International shares	35%	25-45%	International shares	35%	25-45%
	Growth alternatives	15%	0-25%	Growth alternatives	15%	0-25%
				Gearing level		0-50%
Option size as at 30 June 2011	Super Plan:		\$67.1 million	Super Plan:		\$7.1 million
	Pension Plan:		\$8.2 million			
Historical management cost for year ended 30 June 2011	Super Plan:		2.39% ⁴	Super Plan:		3.63% ⁴
	Pension Plan:		2.40% ⁴			
Investment performance (net earnings) % pa (see page 5 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	
	2007	15.4%	19.1%	2007	n/a	
	2008	-16.6%	-18.7%	2008	-28.4%	
	2009	-14.1%	-15.6%	2009	-28.3%	
	2010	8.5%	11.5%	2010	9.8%	
	2011	7.2%	8.6%	2011	8.3%	
	5-year compound average return to 30 June 2011			Compound average return since inception to 30 June 2011 (April 2007)		
		-0.8%	-0.2%		-10.8%	
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Australian shares	47%	49%	Australian shares	49%	45%
	International shares	34%	33%	International shares	36%	32%
	Growth alternatives	15%	16%	Growth alternatives	15%	16%
	Cash and enhanced cash	4%	2%	Cash and enhanced cash	0%	7%
				Gearing level	34%	33%

1 Enhanced cash investments include cash investments (which include discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans), fixed income instruments, hybrid securities, loans and other income generating securities. The maturity dates of investments are typically longer than cash and they may have a lower credit rating than those in a money market fund, however, they are usually managed to short interest rate exposures.

4 These multi-asset class Investment Options have varying exposure to underlying funds where a performance fee may be payable to the specialist investment managers. The performance fee payable to specialist investment managers is included in the management costs of the underlying Perpetual Select Australian Share Fund and Perpetual Select International Share Fund, which form a component of the total management costs of the multi-asset class Investment Options.

Single-asset class Investment Options

Investment Option name	Cash			Fixed Income		
Investment objective	Capital stability through investments in deposits, money market and fixed income securities.			Capital stability through investment in a diversified portfolio of Australian and international fixed income investments (including mortgages).		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	Cash	100%	n/a	Fixed income ² (including mortgages)	100%	90-100%
				Cash	0%	0-10%
Option size as at 30 June 2011	Super Plan:		\$35.9 million	Super Plan:		\$10.3 million
	Pension Plan:		\$26.9 million	Pension Plan:		\$18.9 million
Historical management cost for year ended 30 June 2011	Super Plan:		1.66%	Super Plan:		1.88%
	Pension Plan:		1.64%	Pension Plan:		1.86%
Investment performance (net earnings) % pa (see page 5 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2007	3.6%	4.7%	2007	3.2%	3.7%
	2008	1.3%	2.8%	2008	3.6%	3.5%
	2009	1.7%	1.8%	2009	6.2%	7.1%
	2010	2.1%	3.3%	2010	7.7%	9.5%
	2011	2.8%	3.3%	2011	4.4%	5.0%
	5-year compound average return to 30 June 2011			5-year compound average return to 30 June 2011		
		2.3%	3.2%		5.0%	5.7%
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Cash	100%	100%	Fixed income (including mortgages)	98%	97%
				Cash	2%	3%

² Fixed income instruments involve investing in securities issued by an issuer for a pre-determined period. The issuers may include governments, banks, corporations and asset backed trusts. The instruments when issued usually provide a return in the form of defined periodic income payments and the return of principal at maturity. These income payments are either fixed when issued or set periodically against a benchmark.

Investment Option name	Real Estate			Australian Share		
Investment objective	Income and long-term growth through investment in a diversified portfolio of Australian and international real estate investment trusts and unlisted property trusts. ⁵			Long-term growth and income through investment in a diversified portfolio of Australian shares. ⁷		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	Real estate ⁶	100%	90-100%	Australian shares	100%	90-100%
	Cash	0%	0-10%	Cash	0%	0-10%
Option size as at 30 June 2011	Super Plan:		\$8.4 million	Super Plan:		\$34.4 million
	Pension Plan:		\$6.8 million	Pension Plan:		\$37.8 million
Historical management cost for year ended 30 June 2011	Super Plan:		2.22%	Super Plan:		2.22% ⁸
	Pension Plan:		2.19%	Pension Plan:		2.22% ⁸
Investment performance (net earnings) % pa	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
(see page 5 for further information)	2007	15.9%	19.9%	2007	21.7%	26.9%
	2008	-27.7%	-33.6%	2008	-13.8%	-17.0%
	2009	-31.9%	-37.1%	2009	-13.2%	-14.9%
	2010	9.2%	16.5%	2010	9.9%	13.9%
	2011	15.8%	20.0%	2011	11.7%	13.6%
	5-year compound average return to 30 June 2011			5-year compound average return to 30 June 2011		
		-6.3%	-6.9%		2.3%	3.0%
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Real estate	99%	97%	Australian shares	99%	99%
	Cash	1%	3%	Cash	1%	1%

5 Also permitted to be included are company shares, unit trusts and other securities that are expected to have a return related to property investments or management as their dominant underlying assets.

6 The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

7 As per the investment manager's investment guidelines, securities listed on overseas exchanges may be purchased subject to limits agreed by the Trustee.

8 Performance fees are part of the specialist investment manager remuneration. The total performance fee component payable to the specialist investment managers was 0.0985%.

Investment Option name	Geared Australian Share (Super Plan only)			Limited Share		
Investment objective	Enhanced long-term growth through borrowing (gearing) to invest in a diversified portfolio of Australian shares. ⁷			Long-term growth and income through investment in quality industrial and resource shares and other securities.		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	Australian shares	100%	90-100%	Australian shares	100%	90-100%
	Cash	0%	0-10%	Cash	0%	0-10%
	Gearing level		0-60%			
Option size as at 30 June 2011	Super Plan: \$3.8 million			Super Plan: \$11.7 million Pension Plan: \$5.4 million		
Historical management cost for year ended 30 June 2011	Super Plan: 4.55% ⁸			Super Plan: 2.01% Pension Plan: 1.99%		
Investment performance (net earnings) % pa <small>(see page 5 for further information)</small>	Year ended 30 June	Super Plan		Year ended 30 June	Super Plan	Pension Plan
	2007	n/a		2007	20.9%	23.1%
	2008	-30.2%		2008	-8.7%	-8.1%
	2009	-29.0%		2009	-11.8%	-16.2%
	2010	8.1%		2010	13.1%	17.8%
	2011	17.5%		2011	11.8%	13.8%
	Compound average return since inception to 30 June 2011 (April 2007)			5-year compound average return to 30 June 2011		
		-9.5%			4.3%	4.9%
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	Australian shares	100%	99%	Australian shares	99%	99%
	Cash	0%	1%	Cash	1%	1%
	Gearing level	53%	50%			

⁷ As per the investment manager's investment guidelines, securities listed on overseas exchanges may be purchased subject to limits agreed by the Trustee.

⁸ Performance fees are part of the specialist investment manager remuneration. The total performance fee component payable to the specialist investment managers was 0.0985%.

Investment Option name	International Share			Capital Guarantee (closed to new members)		
Investment objective	Long-term growth through investment in a diversified portfolio of international shares. ⁹			Returns and security through investment in a deposit or product issued by an Approved Deposit taking Institution (ADI) or cash funds, or other pooled structured funds that are supported by a guarantee.		
Investment guidelines		Benchmark	Ranges		Benchmark	Ranges
	International shares	100%	90-100%	Bank deposits or cash funds supported by a guarantee	100%	n/a
	Cash	0%	0-10%			
Option size as at 30 June 2011	Super Plan:		\$10.7 million	Super Plan:		\$50.1 million
	Pension Plan:		\$8.9 million	Pension Plan:		\$2.3 million
Historical management cost for year ended 30 June 2011	Super Plan:		2.31% ¹⁰	Super Plan:		1.64%
	Pension Plan:		2.31% ¹⁰	Pension Plan:		1.54%
Investment performance (net earnings) % pa	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
(see page 5 for further information)	2007	8.3%	9.5%	2007 ¹¹	8.1%	7.9%
	2008	-20.1%	-22.7%	2008	2.6%	4.6%
	2009	-17.1%	-19.7%	2009	3.1%	4.5%
	2010	3.6%	7.0%	2010	0.6%	2.2%
	2011	2.4%	3.2%	2011	2.8%	3.4%
	5-year compound average return to 30 June 2011			5-year compound average return to 30 June 2011		
		-5.3%	-5.6%		3.4%	4.5%
Asset allocations	As at 30 June	2010	2011	As at 30 June	2010	2011
	International shares	99%	98%	Cash	100%	100%
	Cash	1%	2%			

9 As per the Investment Option's investment guidelines, securities listed on the Australian Securities Exchange may be purchased subject to limits agreed by the Trustee.

10 Performance fees are part of the specialist investment manager remuneration. The total performance fee component payable to the specialist investment managers was nil.

11 The Capital Guarantee Investment Option formerly had an investment reserve to protect against any potential falls in the value of investments held. During the year ended 30 June 2007, there were redemptions of a number of underlying investments as well as applications into more secure cash-based investments. This reduced the likelihood that the investments held within this Investment Option would fall in value, allowing a large portion of the investment reserve to be released. While this increased the Investment Option's return for the year ended 30 June 2007, we believe this to be a 'one-off' event that is unlikely to be repeated in future years.

Underlying investments

The following table provides details of the Fund's underlying investments in unlisted managed investment schemes that had a value in excess of 5% of the Fund's total assets as at 30 June 2011.

Underlying investments	Value of investment (\$m)	Percentage of total Fund assets
Perpetual Select Australian Share Fund	\$445.101	28.46%
Perpetual Select International Share Fund	\$315.562	20.18%
Perpetual Select Australian Fixed Income Fund	\$161.099	10.30%
Perpetual Select International Fixed Income Fund	\$93.442	5.98%
Perpetual Select Real Estate Fund	\$112.723	7.21%
Perpetual Growth Alternatives Pool Fund	\$134.379	8.59%
Sub-total	\$1,262.306	80.72%
All other	\$301.594	19.28%
Total Fund assets	\$1,563.900	100.00%

Fund information

The Fund

The Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993 (SIS). The Trustee operates, and intends to continue to operate, the Fund as a complying superannuation fund.

The Fund's growth

The Fund commenced in May 1989. The number of members and participating employers and funds under administration as at 30 June 2011 are shown in the following table.

	Super Plan	Pension Plan	Total
Number of personal members	14,991	1,677	16,668
Number of employer sponsored members	11,792	n/a	11,792
Total members	26,783	1,677	28,460
Participating employers	2,167	n/a	2,167
Funds under administration	\$943.3 m	\$620.6 m	\$1,563.9 m

Indemnity insurance

Professional indemnity insurance has been effected by the Trustee.

Trust Deed

The Trust Deed dated 1 March 1989 (as amended) is a legal document that sets out the provisions governing the operation of the Fund and the rights and obligations of members and the Trustee. The Trustee is responsible for ensuring that the Fund operates according to the Trust Deed and the accompanying Rules, and that the Fund complies with all relevant laws.

Members may inspect the Trust Deed at any time by arrangement with us.

Policy Committees (Super Plan only)

For the Super Plan, a Policy Committee consisting of equal numbers of member and employer representatives is required to be established for each employer-sponsored arrangement of more than 49 standard employer-sponsored members with the same standard employer-sponsor, and for each employer-sponsored arrangement with up to 49 members if at least five members write to the Trustee. The Policy Committee must meet at least once a year to discuss various business such as investment returns, benefit design and administration issues.

For relevant employer sponsored arrangements in the Super Plan, elections are held at regular intervals to select member representatives for the Policy Committee. The sponsoring employer will advise all members in their plan the names of all Policy Committee members for the ensuing period (including employer appointed representatives) shortly after the completion of each election process.

Inquiries and complaints

The Trustee has established procedures for dealing with member inquiries and complaints. If you have an inquiry or a complaint, you can either phone us on 1800 003 001 during business hours (Sydney time) or write to:

The Manager, Service & Operations
Perpetual Select
GPO Box 4171
Sydney NSW 2001

We will endeavour to respond to your inquiry within 30 days and must respond to complaints within 90 days.

If you are dissatisfied with a decision of the Trustee which affects you, and your complaint has not been resolved to your satisfaction, you may have a right to lodge a complaint about the decision with the Superannuation Complaints Tribunal (SCT). The SCT is an independent body established by the Commonwealth Government to review certain types of trustee decisions. You can phone the SCT from anywhere in Australia on 1300 884 114.

Eligible rollover fund

The Trustee reserves the right to transfer Super Plan accounts of less than \$1,000 to an eligible rollover fund (ERF) where the member has not contributed to that account in the previous two years.

The Trustee will pay any money required to be paid to an ERF into the Australian Eligible Rollover Fund (AERF). The trustee of the AERF is Perpetual Superannuation Limited.

Being transferred to an ERF may affect your benefits because:

- you will cease to be a member of the Fund and will no longer have any insurance benefits
- you will become a member of the AERF and be subject to its governing rules
- an ERF is required to 'member protect' your benefit (this generally means that administration fees charged to your account cannot exceed investment earnings on your account in a reporting period)
- government taxes will still be deducted
- the AERF will invest your benefit according to its investment strategy.

Contact details for the AERF are as follows:

Australian Eligible Rollover Fund
Locked Bag 5429
Parramatta NSW 2124

Phone: 1800 677 424

Lost members

A member is taken to be a lost member if:

- the fund has never had an address for them or
- at least one written communication has been sent to their last known address and returned unclaimed or
- their account has been inactive for five years.

Members who are classed as lost may also have their investment transferred to the AERF, unless your account is required to be paid to the ATO as unclaimed super (see 'Small and insoluble lost accounts' below).

Unclaimed super

Under the unclaimed super legislation, a member's benefit will be paid to the ATO if:

- the member has reached age 65 and
- the member's account has been inactive for at least two years and
- after the end of five years since the last contact, the Trustee has been unable to contact the member again after making reasonable efforts.

Small and insoluble lost accounts

Lost accounts which have balances less than \$200 or have been inactive for five years and there are insufficient records to identify the owner of the account must also be paid to the ATO as unclaimed super.

Departed temporary residents

If you are a temporary resident and don't claim your super benefit on departure, it will become unclaimed and paid to the ATO six months after you have departed Australia and no longer hold a visa.

Any unclaimed super amounts that are paid to the ATO can be claimed back from the ATO at any time.

Abridged financial information

The general purpose financial report for the Fund has been prepared in accordance with the requirements of the Trust Deed, the accounting and disclosure requirements of Australian Accounting Standard AAS 25 – 'Financial Reporting by Superannuation Plans', other applicable Accounting Standards, the requirements of SIS and other relevant legislative requirements.

Abridged financial statements are provided in Appendix 1 for the information of members. Copies of the full audited financial statements and auditor's report are available upon request.

Allocation of earnings

All income, including realised and unrealised capital gains, losses and expenses, are brought to account for each Investment Option and are fully reflected in the unit price of that Investment Option. Provision for income tax, as appropriate, is allowed for in the unit price for each Investment Option.

Interest earned on application and withdrawal accounts

Application money and proceeds of withdrawal requests (including pension payments) are held in trust accounts before they're processed. A member of the Perpetual Group retains any interest earned on these accounts.

Suspension of applications, switches and withdrawals

In certain emergency situations which impact on the effective and efficient operation of a market for an asset in an Investment Option or in circumstances where we otherwise consider it to be in the interests of members, we may choose to suspend the processing of all applications, switches or withdrawals for that Investment Option until we are able to properly ascertain the value of that asset. If this occurs, in determining the value of an asset, we will use the asset values determined when the suspension is lifted.

The Investment Option may suspend withdrawals when the underlying fund suspends applications and withdrawals, according to the underlying fund's constitution.

For the Geared High Growth and Geared Australian Share Investment Options (Super Plan only), this may include suspending withdrawals if the underlying geared fund's gearing level exceeds 60% and 70% respectively due to extreme market volatility. If a suspension occurs, the gearing level in the underlying funds will be promptly reduced to 50% or lower and 60% or lower respectively. The suspension will be lifted once the gearing level in the underlying fund has been reduced to these levels. Withdrawal requests received during the suspension will be processed using the exit price applicable when the suspension is lifted.

Appendix 1:

Abridged financial statements

Operating statement for the year ended 30 June 2011

	2011 \$000	2010 \$000
Income		
Contributions – employer	65,849	65,575
Contributions – member	27,762	23,077
Other contributions	44,297	73,040
Transfers from other funds	302,507	123,407
Dividends/distributions	66,544	36,335
Interest	212	130
Changes in net market value of investments	41,898	75,926
Other income	7,055	8,394
Total income	556,124	405,884
Expenses		
Trustee fees	5,538	3,948
Other expenses	6,574	6,967
Total expenses	12,112	10,915
Benefits accrued as a result of operations before income tax	544,012	394,969
Income tax expense/(benefit)	12,459	13,621
Benefits accrued as a result of operations	531,553	381,348
Benefits and pensions paid	(307,971)	(252,859)
Liability for accrued benefits at beginning of year	1,340,342	1,211,853
Liability for accrued benefits allocated to members' accounts	1,563,924	1,340,342

Statement of financial position as at 30 June 2011

	2011 \$000	2010 \$000
Assets		
Cash and cash equivalents	5,140	3,551
Investments	1,501,833	1,296,479
Distributions receivable	32,168	18,703
Interest receivable	21	5
Deferred tax asset	21,362	24,205
Other receivables	10,082	250
Total assets	1,570,606	1,343,193
Liabilities		
Sundry creditors and accruals	1,249	1,082
Current tax liabilities	5,433	1,769
Total liabilities	6,682	2,851
Net assets available to pay benefits	1,563,924	1,340,342

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