

Australian Equities

The S&P/ASX 300 Accumulation Index was slightly stronger over the month (+0.7%). Resources (+1.9%) outperformed Industrials (+0.0%), while large caps (+0.8) outperformed smaller companies (-0.3%). Catastrophic events in Japan and Libya triggered a volatile month for equities. The Australian dollar was also volatile finishing at 103.4c against the USD. Gold rose (+1.6%) and oil rallied (+10.1%) due to civil unrest in the Middle East. Base metals were mostly weaker due to inflation concerns in China. Mergers and acquisitions activity intensified, particularly in the Resources sector. The Australian Industrial market is currently yielding 5.7%, 1.1% higher than the broader market (4.6%). The market is appearing fairly valued and has a number of short term headwinds, particularly for Industrial companies. The market is pricing in high EPS growth for resource companies on the prediction the ongoing demand for commodities will continue to push up volumes and prices.

Gross returns for periods ending Mar 2011	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Wholesale Australian Share Fund	1.4	4.8	11.3	8.2	25.9	5.6	5.4	12.4	12.5
S&P/ASX 300 Accumulated Index [^]	0.7	3.1	7.9	3.8	21.4	1.1	3.2	9.7	8.9
Excess	0.7	1.7	3.4	4.4	4.5	4.5	2.2	2.7	3.6
Wholesale Concentrated Equity Fund	0.8	4.1	7.4	4.4	23.6	6.1	6.1	11.9	13.3
S&P/ASX 300 Accumulated Index [^]	0.7	3.1	7.9	3.8	21.4	1.1	3.2	9.7	8.9
Excess	0.1	1.0	-0.5	0.6	2.2	5.0	2.9	2.2	4.4
Wholesale Smaller Companies Fund	0.1	3.8	20.6	30.9	45.3	9.4	9.7	13.9	17.3
S&P/ASX Smaller Companies Accumulated Index	-0.3	-1.2	9.9	13.5	33.9	-0.9	2.8	9.6	9.9
Excess	0.4	5.0	10.7	17.4	11.3	10.3	6.9	4.3	7.4
Wholesale Ethical SRI Fund	0.9	4.7	7.9	4.1	35.1	7.7	7.6	13.0	-
S&P/ASX 300 Accumulated Index [^]	0.7	3.1	7.9	3.8	21.4	1.1	3.2	9.7	-
Excess	0.2	1.6	0.0	0.4	13.8	6.5	4.4	3.3	-

International Equities

Global equity markets finished lower for the month of March, as measured by the MSCI World Accumulation Index (\$A) which fell -2.6%. The month-on-month decline masks a period of heightened volatility, with markets falling sharply following tragic events of Japan before rallying as fears of a nuclear emergency abated and US economic data continued to improve. The International Share Fund underperformed in March. Contributors to performance included our holdings in Philip Morris International, Accenture and Automatic Data Processing. Negative returns from Daito Trust Corporation, Walgreen and Toyota detracted from the portfolio's performance. The fund positioning remains extremely consistent with its high quality style. The companies held have extremely sound balance sheets, consistent free cash flows and exposure to emerging markets. These companies offer protection along with being well positioned to benefit from the continuing global economic recovery.

Gross returns for periods ending Mar 2011	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Global Resources Fund [*]	0.9	4.6	23.6	24.2	32.9	8.9	-	-	-
MSCI Custom Resources Index ¹	-0.7	2.2	13.0	6.5	19.8	0.3	-	-	-
Excess	1.6	2.4	10.6	17.7	13.1	8.6	-	-	-
International Share Fund	-3.5	1.4	2.2	-5.7	2.9	-4.8	-5.3	-	-
MSCI World ex Aust. Accumulation Index (\$A)	-2.6	3.9	6.9	0.6	7.3	-4.5	-5.5	-	-
Excess	-0.9	-2.4	-4.7	-6.3	-4.5	-0.2	0.2	-	-
International Concentrated Fund	-4.3	0.3	-0.3	-7.8	2.1	-5.7	-	-	-
MSCI World ex Aust. Accumulation Index (\$A)	-2.6	3.9	6.9	0.6	7.3	-4.5	-	-	-
Excess	-1.7	-3.6	-7.1	-8.5	-5.3	-1.2	-	-	-

^{*} Please note that this fund is managed by the Australian Equities team.

Diversified Funds

The diversified portfolios remained neutral against their respective composite benchmarks over the month. The funds are outperforming over a longer term time horizon. Our tactical overweight position to Australian equities has been contributing to recent performance, as Equities have outperformed over the last 6 months. The portfolios are also benefiting from solid outperformance of the credit and cash portfolios. In terms of tactical asset allocation the funds are positioned overweight to Australian equity (+60), hold an overweight position in Australian bonds (+20) and are underweight cash.

Gross returns for periods ending Mar 2011	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Wholesale Conservative Growth Fund	0.4	2.6	4.4	6.5	10.6	5.7	5.5	7.3	-
Conservative Growth Index	0.3	2.2	3.5	5.6	8.6	4.1	4.4	6.3	-
Excess	0.0	0.4	0.8	0.8	2.0	1.7	1.2	1.0	-
Wholesale Diversified Growth Fund	0.1	2.9	5.3	5.8	12.2	4.4	3.8	7.1	-
Diversified Growth Index	0.1	2.5	4.5	5.0	10.4	2.6	2.8	5.9	-
Excess	0.0	0.4	0.8	0.8	1.8	1.9	1.0	1.2	-
Wholesale Balanced Growth Fund	0.0	3.0	6.3	5.1	14.0	2.6	2.2	7.1	6.2
Balanced Growth Index	0.0	2.8	5.3	5.0	12.3	1.6	2.1	6.5	5.1
Excess	0.0	0.2	1.0	0.1	1.7	0.9	0.1	0.7	1.2

Fixed Income Funds

Despite the rising tensions in the Middle East and North Africa (MENA) coupled with the devastating earthquake and the nuclear crisis in Japan, domestic credit remained largely unaffected with the iTraxx Australia closing flat over the month. This suggests the markets were viewing risks in isolation, with limited systematic impacts on the broader credit markets. On an aggregate level, the main drivers of the excess performance were strong running yields from credit sectors, followed by a tightening in credit spreads notably in the prime RMBS sector. Prime RMBS's credit spreads were re-valued tighter following the successful launch and pricing of the RMBS from the ME Bank, easily offsetting the lengthening of WAL amid a slower CPR.

Gross returns for periods ending Mar 2011	1 mth	3 mths	6 mths	1 yr	2 yrs pa	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Premium Treasury Fund	0.7	2.0	4.0	7.3	7.5	6.5	6.0	-	-
UBS Bank Bill Index	0.4	1.2	2.5	4.9	4.2	5.0	5.7	-	-
Excess	0.3	0.8	1.6	2.5	3.3	1.5	0.3	-	-
High Grade Treasury Fund	0.7	2.1	4.3	7.9	8.5	6.3	5.6	-	-
UBS Bank Bill Index	0.4	1.2	2.5	4.9	4.2	5.0	5.7	-	-
Excess	0.3	0.9	1.9	3.0	4.2	1.3	0.0	-	-
Credit Income Fund	0.7	2.2	4.7	8.8	11.3	6.4	4.6	-	-
UBS Bank Bill Index	0.4	1.2	2.5	4.9	4.2	5.0	5.7	-	-
Excess	0.2	1.0	2.2	3.9	7.1	1.4	-1.0	-	-
Wholesale Diversified Income Fund	0.6	2.2	4.2	8.8	12.3	6.0	5.1	-	-
UBS Bank Bill Index	0.4	1.2	2.5	4.9	4.2	5.0	5.7	-	-
Excess	0.2	0.9	1.8	4.0	8.1	1.0	-0.6	-	-
Active Fixed Interest Fund	0.8	2.6	3.0	8.8	7.2	8.8	6.4	-	-
UBS Composite Bond Index	0.7	2.0	1.8	6.9	4.8	7.4	6.0	-	-
Excess	0.2	0.6	1.2	1.9	2.4	1.4	0.4	-	-

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. For institutional investor purposes, no allowance has also been made for management fees. 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

