

Perennial Socially Responsive Shares Trust

Monthly Report as at 30 September 2012

	Month %	3 Months %	Financial YTD %	1 Year %	2 Years % p.a.	3 Years % p.a.	5 Years % p.a.
Perennial Socially Responsive Shares Trust*	0.8	8.5	8.5	14.2	0.8	0.3	-3.9
S&P/ASX 300 Accumulation Index	2.2	8.8	8.8	14.5	2.2	1.7	-3.6
Value Added (Detracted)	-1.4	-0.3	-0.3	-0.3	-1.4	-1.4	-0.3
Net Performance	0.8	8.2	8.2	13.0	-0.1	-0.6	-4.8

* Gross Performance. Past performance is not a reliable indicator of future performance.

- US, European and Japanese central bank policy stimulus provided a supportive backdrop to global equity markets.
- The strongest performing sectors were materials (up 7.2%), healthcare (up 2.3%) and telecommunications (up 1.8%).
- The biggest positive contributor to performance was Newcrest Mining Limited (up 19.1%).

Trust Performance Overview

The Perennial Socially Responsive Shares Trust (the Trust) finished up 0.8% during September, underperforming the S&P/ASX 300 Accumulation Index (the Index) by 1.4%.

The top performer for the month was Newcrest Mining Limited (Newcrest) (up 19.1%). Newcrest benefited from stronger gold prices arising from the quantitative easing announced by the US Federal Reserve. Rising prices more than offset continued production disappointments, with September quarterly production guidance of AUD460,000 per ounce well below expectations. We expect the company's investor day and site visits in early October will provide evidence that management can deliver significant volume growth over the next three to five years as its key Cadia East and Lihir Million Ounce Plant Upgrade projects are delivered.

PanAust Limited (PanAust) (up 17.0%) also contributed positively. PanAust continued its positive performance from last month, as both copper and gold prices rebounded on the back of further quantitative easing and increased expectations that the deceleration in Chinese growth is close to bottoming out. During the month, PanAust also released an update on the pre-feasibility study for the Phonsavan mine project, which was largely in line with expectations. We expect a final investment decision on this project in the third quarter of 2013, with potential production to start in early 2016, thereby adding to the company's existing strong production growth profile.

Also contributing positively to performance was the Trust's position in Wesfarmers Limited (Wesfarmers) (not held, down 0.8%) and Woolworths Limited (Woolworths) (not held, down 0.6%). Based on our valuation metrics, both companies have had limited valuation upside for some time. A material portion of Wesfarmer's revenue is generated from coal production, an industry that we regard as having significant structural headwinds

Perennial Socially Responsive Shares Trust

The Trust aims to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis, by investing in a selection of listed companies which also embrace and engender social performance in their corporate culture.

Trust Manager:
Lee Mickelborough

Risk Profile:
High

Trust FUM (as at 30/09/12):
AUD52.7 million

Income Distribution Frequency:
Half yearly

Team FUM (as at 30/09/12):
AUD2.8 billion

Minimum Initial Investment:
\$25,000

Trust Inception date:
December 2001

APIR code: IOF0117AU

in the face of shifting global energy dynamics as increased US gas production has led to greater seaborne supply of coal, putting pressure on prices. During the month, Woolworths announced the sale of Dick Smith Electronics Limited for a nominal amount following a protracted period of review. At an industry level there remains significant competitive intensity between Wesfarmer's and Woolworths' retail businesses, which we believe will continue to put pressure on margins. At this stage, with both stocks looking expensive, we remain comfortable with a zero weighting to each.

The most significant detractor to performance during the month was Infigen Energy (down 13.1%). The company released its full year results at the end of August, which showed earnings before interest, taxes, depreciation and amortisation of AUD140.5 million. The result was 4% lower than the prior year, primarily reflecting a lower contribution from the US business due to below prior year

wind conditions and higher operating costs as wind farms transition off warranty. Having enjoyed a very strong run of performance of late, the stock was weaker during the month.

BHP Billiton Limited (not held, up 5.7%) also detracted value during the month. The stock outperformed as resource names enjoyed a strong month following additional policy stimulus from central banks around the globe.

Trust Activity

We added to positions in Resmed Inc, Lend Lease Group, Origin Energy Limited, QBE Insurance Group Limited and Fortescue Metals Group Ltd.

We trimmed positions in Westpac Banking Corporation, Woodside Petroleum Limited, Australia and New Zealand Banking Group Limited, Bank of Queensland Limited and Newcrest.

At the close of the month the Trust held 33 stocks and had a cash balance of 2.9%.

Market Overview

Additional US, European and Japanese central bank policy stimulus provided a supportive backdrop to global equity markets with Hong Kong's Hang Seng (up 7.0%), the US S&P500 (up 2.4%), China's Shanghai Composite (up 1.9%), UK's FTSE100 (up 0.5%) and Japan's Nikkei (up 0.3%) all rising.

Economic data for the month was mixed, although the actions of central banks to supply greater stimulus and liquidity to markets drove improving investor sentiment. Following significant market speculation, the US Federal Reserve initiated another round of quantitative easing, announcing plans to buy USD40 billion of agency mortgage backed securities per month on an open ended basis and extend its low rate guidance to mid 2015. The move reflects the tepid rate of recovery in the US housing market, with non farm payrolls increasing by only 96,000 and the unemployment rate remaining elevated at 8.1%.

Elsewhere, the European Central Bank unveiled further measures to try to tackle the region's sovereign debt crisis, by agreeing to make secondary market bond purchases of government debt on the condition of the existence of a Eurozone approved debt management program. Japan also increased its asset purchase program by JPY10 trillion in response to sluggish growth and a strong JPY. Concerns of a slowdown in Chinese growth remain elevated, with the month bringing weak trade data, soft manufacturing indicators and the lowest industrial production level in over three years.

Domestically, economic data was mixed. Second quarter 2012 GDP came in at 0.6%, with the annualised rate a robust 3.6%. However, with the non resource related part of the economy struggling, and increasing evidence of a slowing in the resource exposed component against a backdrop of falling terms of trade, the outlook for the domestic economy remains fragile. Employment data showed the number of jobs falling by 8,800 however, a significant reduction in the participation rate resulted in the unemployment rate falling to 5.1%. The Reserve Bank of Australia elected to keep the cash rate on hold at 3.50%. The Australian dollar remained resilient versus most major currencies with the AUD/USD exchange rate closing the month at USD1.038, an increase of 0.5%.

The action of central banks provided a supportive backdrop for most commodities, with nickel (up 15.8%), aluminium (up 11.0%) and copper (up 7.8%) all rising sharply. Iron ore (up 16.6%) endured a volatile month to finish up strongly. Despite growing political tensions in the Middle East, oil traded weaker, with Brent Crude (down 1.9%) falling. Gold rose for a fourth consecutive month (up 4.7%) to finish at USD1,772 per ounce.

In the domestic equity market, the strongest performing sectors were materials (up 7.2%), healthcare (up 2.3%) and telecommunications (up 1.8%), while utilities (down 1.7%), consumer staples (down 1.5%) and consumer discretionary (down 1.0%) all underperformed the Index.

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Top Ten Holdings as at 30 September 2012

Stock	Trust Weight %	Index Weight %
ANZ Banking Grp Ltd	8.1%	6.2%
National Aust. Bank	7.6%	5.4%
Commonwealth Bank.	6.4%	8.2%
SPI Futures	5.6%	0.0%
CSL Limited	4.9%	2.2%
Westpac Banking Corp	4.8%	7.1%
Origin Energy	4.8%	1.1%
Newcrest Mining	3.8%	2.1%
Lend Lease Group	3.5%	0.4%
QBE Insurance Group	3.4%	1.4%

Asset Allocation as at 30 September 2012

Stock Name	Trust Weight %	Index Weight %
Energy	13.2%	6.8%
Materials	13.4%	21.7%
Industrials	7.0%	6.7%
Consumer Discretionary	1.8%	3.6%
Consumer Staples	0.0%	8.5%
Health Care	11.0%	4.3%
Financials-x-Real Estate	36.6%	34.0%
Real Estate	3.5%	7.2%
Information Technology	2.1%	0.7%
Telecommunication Services	0.0%	4.8%
Utilities	2.9%	1.8%
SPI Futures	5.6%	-
Cash	2.9%	-

Rounding accounts for small +/- from 100%.

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