

Perennial Balanced Wholesale Trust

Monthly Report as at 31 January 2013

| | Month % | 3 Months % | 1 Year % | 2 Years % p.a. | 3 Years % p.a. | 5 Years % p.a. |
|-----------------|------------|---------------|-------------|-------------------|-------------------|-------------------|
| Net Performance | 3.7 | 6.7 | 16.9 | 5.5 | 6.4 | 2.2 |

* Gross Performance. ^ Since Inception: June 1999. Past performance is not a reliable indicator of future performance.

- The Perennial Balanced Wholesale Trust finished the month up 3.7%.
- Equity markets were strong over the month, buoyed by US fiscal developments and signs of improvement in global growth momentum.
- Tactical asset allocation continues to have a strong positive impact on monthly returns.

Performance

The Perennial Balanced Wholesale Trust finished the month up 3.7%

Economic and Policy Trends

A major source of near term angst was removed over the month with the US avoiding falling off the so called fiscal cliff. The deal completed in early January, diluted and deferred prospective fiscal tightening that would have tipped the economy into recession. Instead, fiscal tightening looks to be a drag on 2013 growth of around 1% to 1.5%. The latest forecasts for US growth from the IMF, even allowing for such a drag from fiscal policy, still have the economy growing by 2% over 2013 and 3% over 2014. Unfortunately for investors, US fiscal machinations will remain a source of volatility with sequestration beginning in early March and a Continuing Resolution required in late March to keep government operations funded. In mid May, the debt ceiling extension expires. While the most likely outcome is for further dilution and deferral, belligerent politics could prove a source of near term volatility.

According to the IMF's January forecast update, the world economy is on track for growth of 3.5% over 2013, lifting to 4.1% in 2014. The outlook remains for uneven outcomes with emerging and developing economies performing strongly with growth expected to lift to 5.5% in 2013 and 5.9% in 2014. Recession is still expected in Italy and Spain over 2013 but both are expected to grow weakly over 2014. Weak to moderate positive growth in France and Germany help hold up overall Euro area projections for a 0.2% contraction in 2013 turning to a 1% expansion in 2014. The latest OECD leading indicators are consistent with growth momentum building over the year, particularly over the second half.

In Australia, the data flow since the Reserve Bank of Australia's (RBA) last meeting in early December, where the cash rate was cut to 3%, has been on the soft side and consistent with sub trend rates of growth. Retail sales unexpectedly fell 0.1% in November, while the labour market weakened in December with employment falling 5,500 and the unemployment rate rising to 5.4%. Forward labour market indicators remain soft. Pressure on prices

Perennial Balanced Wholesale Trust Facts:

The Trust aims to grow the value of your investment over the medium to long term by investing in a range of growth and income producing assets, and to provide a total return (after fees) that exceeds the return of its benchmark measured on a rolling three-year basis.

| | |
|---|--|
| Portfolio Manager: Frank Uhlenbruch | Risk Profile: Moderate |
| Trust FUM (as at 31/01/13): AUD74.6 million | Minimum Initial Investment: \$25,000 |
| Income Distribution Frequency: Half yearly | APIR code: IOF0114AU |
| Trust Inception date: June 1999 | |

remained subdued with the CPI rising 0.2% on a headline basis over Q4 while the average of the RBA's statistical measures rose 0.54%. While business confidence rebounded in the NAB survey, actual business conditions remains subdued.

Equity Market Trends

Equity markets were strong over the month, buoyed by US fiscal developments and signs of improvement in global growth momentum. In the US, the S&P500 gained 5.0%, while in Japan, a weakening Yen and a greater policy focus on fighting deflation helped propel the Nikkei by 7.2%. In Europe, the Euro STOXX 50 gained 2.5%. The MSCI World ex-Australia Accumulation Index in Australian dollars ended up 4.6%, with a modestly appreciating Australian currency a drag on sector returns. In Australia, the S&P/ASX 300 Accumulation Index reflected improving global sentiment and was up 5.0%.

Bond Market Trends

Yields ended the month moderately higher with rallies on weaker domestic data giving way to an assessment that improvements in offshore growth momentum made a near term easing in monetary conditions less likely. The yield on a three year government bond ended the month 15 basis points higher, at 2.82%. At the longer end of the yield curve, the ten year government bond yield ended 18 basis points higher at 3.45%. For the month, the UBS Composite Bond Index fell 0.23%, while the cash sector, as measured by the UBS Bank Bill Index, returned 0.27%.

Investment Strategy

Tactical asset allocation continues to have a strong positive impact on monthly returns as Australian equities outperformed fixed interest by a wide margin in January. Given the amount of value released in equities the size of our overweight position was reduced from 10% above benchmark to 5% above benchmark in balanced funds.

Likewise, further value was restored to the Australian fixed interest sector as yields rose over the month. In balanced funds, the size of the tactical underweight was cut from 10% to 5% under the benchmark. Tactical asset allocation has added significant value over the last 12 months.

| Sector | Weighting % | Month % | | One Year % | |
|----------------------------|-------------|------------|-----------|------------|-----------|
| | | Perennial* | Benchmark | Perennial* | Benchmark |
| Value Australian Shares | 19.8% | 6.2% | 5.0% | 18.0% | 19.6% |
| Growth Australian Shares | 20.3% | 5.2% | 5.0% | 18.1% | 19.6% |
| International Equities | 21.6% | 5.0% | 4.6% | 17.0% | 18.0% |
| Australian Listed Property | 5.3% | 4.6% | 4.4% | 32.5% | 31.7% |
| Australian Fixed Interest | 22.50% | -0.01% | -0.23% | 10.33% | 7.31% |
| Global Property Unhedged | 5.3% | 2.6% | 2.6% | 26.4% | 24.4% |
| Cash | 5.26% | 0.44% | 0.27% | 7.10% | 3.84% |

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

Signatory of:



Issued by: The Investment Manager, Perennial Investment Partners Limited ABN 59 087 901 620, AFSL: 238763 ("Perennial"). Sub Managers: Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Perennial Fixed Interest Partners Pty Limited ABN 35 099 336 357, Perennial Growth Management Pty Limited ABN 41 099 336 384 and Perennial Real Estate Investments Pty Limited ABN 35 117 913 685 are Subsidiaries and Authorised Representatives of Perennial. Responsible Entity: IOOF Investment Management Limited ABN 53 006 695 021, AFSL: 230524. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, reference guides and application forms can be found on Perennial's website www.perennial.net.au.