

Perennial International Equities Trust

Monthly Report as at 31 October 2012

| | Month % | 3 Months % | Financial YTD | 1 Year % | 3 Years % p.a. | 5 Years % p.a. | SI* % p.a. |
|--|------------|------------|---------------|------------|----------------|----------------|-------------|
| Perennial International Equities Trust ^ | 0.1 | 7.1 | 5.1 | 12.1 | 2.5 | -5.9 | -3.0 |
| MSCI World ex Australia Net Dividends Index in AUD | -0.5 | 6.2 | 4.5 | 12.1 | 3.1 | -5.1 | -2.9 |
| Value Added (Detracted) | 0.6 | 0.9 | 0.6 | 0.0 | -0.6 | -0.8 | -0.1 |
| Net Performance | 0.0 | 6.8 | 4.6 | 10.7 | 1.1 | -7.0 | -4.1 |

^ Gross Performance. * Since inception: July 2001. Past performance is not a reliable indicator of future performance.

- The Trust outperformed the Index return by 0.6% during the month.
- During October, Google Inc. and Wells Fargo were added to the Trust.
- Chinese and Brazilian companies are becoming increasingly attractive in the emerging markets.

The Perennial International Equities Trust (the Trust) outperformed the MSCI World ex Australia Net Dividends Index in AUD (the Index) during October by 0.6%. Over the past year, the best performing stock in the Trust was Galaxy Entertainment Group Limited, which rallied over 69% in AUD terms. During this period, stocks in the consumer, information technology and financial sectors contributed strongly to performance.

Market Conditions During the Month

Global equity markets paused during October having posted strong gains since their June lows. We continued to see deteriorating corporate fundamentals play against further central banks stimulus in all of the major geographies around the world. High profile downgrades from the likes of Intel Corporation, FedEx Corporation and Caterpillar Inc. among others are a reminder that trends in the real economy remain tepid, in the third year of recovery. The S&P 500 declined 2% over the month, the Nasdaq down 4.5%, while several Asian markets were hit hard, notable among them were Korea (down 4.2%) and Taiwan (down 7.1%). Meanwhile, European markets were broadly higher over the month, with France and Spain posting small gains. Ever the laggard Japan, posted a small positive return. The AUD was flat over the month, with commodities generally lower in October.

Trust Activity

During October, the following positions were added to the Trust:

Google Inc. (Google) the US based internet search company, which also owns YouTube and the Android operating system. The strong cash generation of the search business has been widely appreciated in the markets. At 12x 2014 estimated earnings, we believe that the underappreciated upside associated with its other businesses is not being priced in.

Wells Fargo and Company (Wells Fargo), one of the largest banks in the US, with \$765 billion in loans at the

Perennial International Equities Trust Facts:

The Trust aims to grow the value of your investment over the long term by investing in a diversified portfolio of international shares and to provide a total return (after fees) that exceeds the return of the MSCI World ex Australia Net Dividends Index in Australian Dollar terms on a rolling three-year basis.

Portfolio Manager: James Soutter, Clay Carter
Risk Profile: High

Trust FUM (as at 31/10/12): AUD43.4 million
Income Distribution Frequency: Half Yearly

Team FUM (as at 31/10/12): AUD222.3 million
Minimum Initial Investment: \$25,000

Trust Inception date: July 2001
APIR code: IOF0213AU

end of Q3 2012. Wells Fargo has been a major beneficiary of the mortgage re-finance boom in the US and the deposit markets 'flight to quality'. The stock has been added to take advantage of the expected recovery in demand in the US, both from consumers and small business.

During the month, the following positions were exited:

HDFC Bank Limited (HDFCB), the largest privately owned bank in India. The bank has generated year on year growth of at least 30% for the last 20 quarters. HDFCB was sold due to its lofty valuation, which reached 5x book during the month. The stock has generated strong returns for the Trust. However, despite its strong growth profile, better risk reward opportunities are available elsewhere.

3D Systems Corporation, the US based manufacturer of industrial 3D printing machines. 3D printing involves the manufacture of fairly simple, plastic based products through a printing process much the same as a regular

office based laser printer. The technology is only relatively new, but it appears that it can be used in a number of industrial capacities to reduce costs, wastage and improve time to market. The stock has generated strong returns since being added to the Trust and was sold due to its full valuation.

Outlook

The 'US fiscal cliff' and the re-election of President Obama took the spotlight away from European markets in recent weeks. The next two months may bring more volatility to US markets, as uncertainty regarding the relationship between the Congress and the President lingers. Resolution of the US deficit funding issue is the President's first challenge in his second term and could well determine the path of the US market over the next year.

Outside the US, the global slowdown appears to have taken some of the steam out of a market that has rallied 10% year to date. In the recent reporting season, stocks either missing estimates, or reducing guidance, were punished by the markets. This is a sure sign that investors are becoming more wary regarding valuations. We believe that cheaper stocks, that are at, or approaching cyclical lows in profitability offer good opportunities at present, particularly in out of favour geographies such as Europe.

In the emerging markets, we believe that certain Chinese and Brazilian companies are becoming increasingly attractive, as macroeconomic news continues to outweigh otherwise strong fundamentals and cheap valuations. India's slowing growth and rising inflation seem unlikely to abate in the foreseeable future and as such, we remain largely on the sidelines in this market.

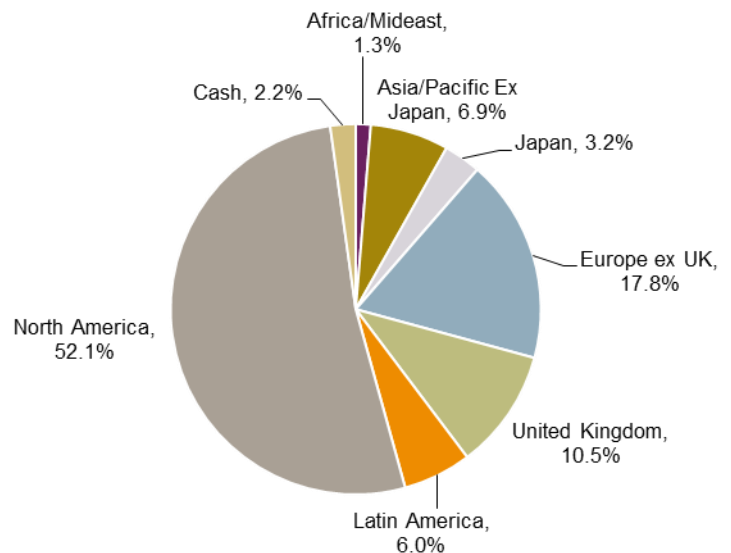
We continue to favour attractively valued companies displaying strong business models, consistent, visible cash flows and lowly geared balance sheets. Stocks are selected based on various screening attributes, followed extensive fundamental analysis. Macroeconomic considerations form part of this fundamental analysis, but do not drive stock selection.

Top Ten Stocks as at 31 October 2012

| Stock Name | % of Trust |
|----------------------------------|------------|
| SAP AG | 2.4% |
| Intuit Inc. | 2.1% |
| Capital One Financial Corp. | 2.1% |
| General Electric Co. | 2.1% |
| Exxon Mobil Corp. | 1.9% |
| Franklin Resources Inc. | 1.8% |
| Philip Morris International Inc. | 1.8% |
| Petrofac Ltd. | 1.8% |
| GNC Holdings Inc. CI A | 1.8% |
| Mexichem S.A.B. de C.V. | 1.8% |

Source: Perennial Investment Partners

Regional Allocation as at 31 October 2012



Signatory of:



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