Perennial Income Focused Trust

Monthly Report as at 30 November 2012

	Month %	Quarter %	FYTD %	1 Year %	2 Years % p.a.	3 Years % p.a.	Since Inception % p.a.^
Perennial Income Focused Trust*	1.07	-	-	-	-	-	1.07
UBS Credit Floating Rate Note Index	0.38	-	-	-	-	-	0.38
Value Added (Detracted)	**0.69**	**-**	**-**	**-**	**-**	**-**	**0.69**
Net Performance	1.02	-	-	-	-	-	1.02

*Gross Performance. ^Since Inception: 31 October 2012. **Past performance is not a reliable indicator of future performance.**

- The Trust finished the month up 1.07%, outperforming the Index return by 0.69%.
- Credit markets continued to perform well, albeit the rate of spread contraction has slowed from the hectic pace of recent months.
- Primary markets were extremely active as continued demand for credit saw issuers seek to lock in funding prior to the Christmas period.

Performance

The Perennial Income Focused Trust (the Trust) returned 1.07% for the month, outperforming the UBS Credit Floating Rate Note Index (the Index) return of 0.38% by 0.69%.

Market Review

Yields traded in a wide range over the month. After being buffeted by mixed offshore and domestic leads, yields ended the month slightly higher. At its early November board meeting, the RBA left the cash rate unchanged at 3.25%, emphasising in its commentary that the stimulatory effects of earlier easings were still working their way through the economy.

Data readings remained mixed over the month, but were consistent with some moderation in the rate of economic growth over the second half of 2012. While a rebound in consumer sentiment was welcome, the NAB Survey pointed to difficult conditions in the business sector. The labour market remains subdued and wages growth moderate. Third quarter capital expenditure data, while solid for the quarter, revealed an earlier and lower, peak in mining spending than forecast by the RBA in its Statement on Monetary Policy released in early November. Against this backdrop, three and six month bank bills ended the month 12 and 10 bps higher at 3.26% and 3.23%, respectively. The yield on a three year government bond ended up 5 bps at 2.62%.

Credit markets continued to perform well, albeit the rate of spread contraction has slowed from the hectic pace of recent months. The Australian iTraxx index ended the month 7 bps tighter at 131 bps, while spreads on cash bonds were stable to moderately lower. Primary markets were extremely active as continued demand for credit saw issuers seek to lock in funding prior to the Christmas period. The month saw a diverse range of issues which included industrials such as Telstra and Coca Cola Amatil, utilities such as ETSA, overseas financial institutions such as HSBC and Goldman Sachs, and domestic names, National Wealth Management and Bank of Queensland. Suncorp also issued its second covered bond for the year, which was heavily oversubscribed.

Perennial Income Focused Trust

The aim of the Trust is to provide a net return (after fees) that exceeds the UBS Credit Floating Rate Note Index over a rolling three year period.

Portfolio Manager: Noel Murphy	**Risk Profile:** Medium
Team FUM (as at 30/11/12): AUD6.2 billion	**Income Distribution Frequency:** Quarterly
Trust Inception date: October 2012	**APIR Code:** IOF0127AU

Market Outlook

The economy appears to have been hit with an income shock in the form of a sharp fall in the terms of trade in the September quarter. Ongoing offshore policy uncertainty is fuelling more cautious consumer and business behaviour and growth looks to have slipped to below trend levels. Both the RBA and Treasury have cut their growth forecasts for 2012/2013 to 3%. An earlier peak in the mining boom, as suggested by the latest capex data, points to downside risks to these forecasts.

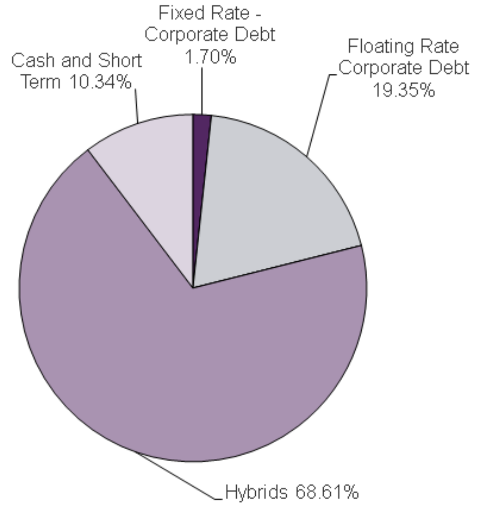
In our view, monetary policy will be asked to do a lot over the coming year as some of the other macroeconomic policy tools are either politically constrained, or, as in the case of the exchange rate, behaving differently. The underlying imperative remains to provide policy support to aid the re-balancing in the mix of growth sooner rather than later. We look for the RBA to provide another short burst of easing, with the cash rate to trough at 2.75% in the first half of 2013. Thereafter, we expect the RBA to hold the cash rate at that level until early 2014. By then, fiscal policy will no longer be acting as a drag on growth and the worst of the drag from austerity measures on global growth should be behind us. Some improvement in the housing sector should be evident and we then look for the RBA to gradually return monetary conditions to more neutral levels.

Markets continue to price a low in the cash rate at 2.50% to 2.75% by mid 2013, followed by a long period of stability. This is largely in line with our view and we regard the shorter end of the curve as broadly fair value. However, we still regard the longer end of the curve as expensive, offering investors' insufficient protection against an improvement in risk appetite or an improvement in the economic outlook. We continue to hold a modest strategic defensive bias.

Despite the recent rally in credit spreads, we still hold a fundamentally positive view on credit in a prolonged low interest rate environment where any additional yield becomes increasingly valuable. Further to this, spreads remain at levels above longer term averages. Within the corporate sector, our emphasis is on large financials, particularly the senior debt of the 'big four' Australian banks as well as senior bonds, listed property trusts and selected infrastructure/utility debt.

Trust Snapshot

Asset Allocation



Rounding accounts for small +/- from 100%.

Credit Rating Distribution