

# Perennial Core Australian Shares Trust

Monthly Report as at 31 July 2010

	1 Month %	3 Months %	1 Year %	5 Years % p.a.	SI <sup>^</sup> % p.a.
Perennial Core Australian Shares Trust *	4.2	-7.0	8.2	-	33.9
S&P/ASX 300 Accumulation Index	4.5	-6.0	10.0	-	28.3
<b>Value Added (Detracted)</b>	<b>-0.3</b>	<b>-1.0</b>	<b>-1.8</b>	<b>-</b>	<b>5.6</b>
Net Performance	4.1	-7.1	7.4	-	32.6

<sup>^</sup>Since Inception February 2009 \*Gross Performance

- The new financial year started strongly, with the Index ending the month up 4.5%.
- Sentiment improved, as concerns about European sovereign debt issues and a potential economic slowdown in China diminished.
- Australian economic data showed the economy has moderated, with Q2 2010 CPI weaker than expected, although employment growth remained strong.

The new financial year started strongly, with the S&P/ASX300 Accumulation Index (the Index) ending the month up 4.5%. The Perennial Core Australian Shares Trust (the Trust) delivered a return of 4.2%, just underperforming the Index return by 0.3%.

The positive market performance in July reversed the negative momentum of the preceding three months. Sentiment improved, as concerns about European sovereign debt issues and a potential economic slowdown in China diminished. While the economic data emanating from the US remains anaemic, US companies generally reported better than expected quarterly results. These factors helped drive global markets higher, with the S&P500 and FTSE 100 both up 6.9% and the Shanghai Composite Index up a strong 10.0% for the month.

Australian economic data showed the economy has moderated, with Q2 2010 CPI weaker than expected, although employment growth remained strong. The Reserve Bank of Australia left interest rates unchanged at 4.5%. The Australian Dollar followed equity markets higher, finishing the month at 90 US cents, up 6.1 US cents.

The strongest performer in July was Intoll Group (up 41.3%), which rose sharply after the Canadian Pension Plan Investment Board submitted an indicative, non-binding and conditional proposal to acquire the entire issued capital for AUD\$1.5435 per share.

## Perennial Value Australian Shares Trust Facts:

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares. 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.

### Portfolio Manager:

Lee Mickelborough  
John Murray

### Trust FUM

(as at 30/07/10):

AUD \$11.5 million

### Fund Inception date:

February 2009

### Risk Profile:

High

### Income Distribution

#### Frequency:

Half yearly

#### Minimum Initial

Investment:

\$25,000

**APIR code:** IOF0144AU

## Did you know?

Five of the seven banks that failed the European bank stress tests were Spanish: Diada, Espiga, Banca Civica, Unnim and Cajasur. The other two were Germany's Hypo Real Estate and Greece's ATEbank.

Another strong contributor was Woolworths (Underweight, down 4.6%). Woolworths declined, after reporting weaker than expected quarterly sales.

The Trust's performance was impacted by Nufarm (down 29.1%), after the company revised down its earnings guidance. The downgrade was the result of unfavourable seasonal conditions across Nufarm's key markets which impacted volume, price and margin. Fletcher Building hampered performance because of the fairly subdued performance of the Australian and New Zealand housing markets. However, the Team remains positive that it is a high quality business, which offers good exposure to the eventual improvement in this sector at attractive valuations.

### Asset Allocation as at 31 July 2010

Asset Class	Trust Weight %	Index Weight %
Energy	5.8%	7.3%
Materials	29.7%	25.6%
Industrials	6.3%	6.3%
Consumer Discretionary	5.9%	4.2%
Consumer Staples	3.2%	8.6%
Health Care	2.6%	3.5%
Financials-x-Real Estate	35.9%	32.2%
Real Estate	1.7%	6.5%
Information Technology	0.6%	0.7%
Telecommunication Services	3.4%	3.8%
Utilities	1.0%	1.4%
Other	3.8	-

Rounding accounts for small +/- from 100%.

### Top 10 Holdings as at 31 July 2010

Stock	Trust Weight %	Index Weight %
BHP Billiton Limited	12.5%	12.5%
National Aust. Bank	6.7%	5.0%
Westpac Banking Corp	6.72%	6.7%
Commonwealth Bank.	5.6%	7.6%
ANZ Banking Grp Ltd	5.1%	5.5%
RIO Tinto Limited	4.2%	2.9%
Telstra Corporation.	3.4%	3.3%
Woodside Petroleum	3.0%	2.0%
AMP Limited	2.4%	1.0%
Suncorp-Metway.	2.3%	1.0%