

Perennial Global Shares High Alpha Trust

Monthly Report as at 31 July 2010

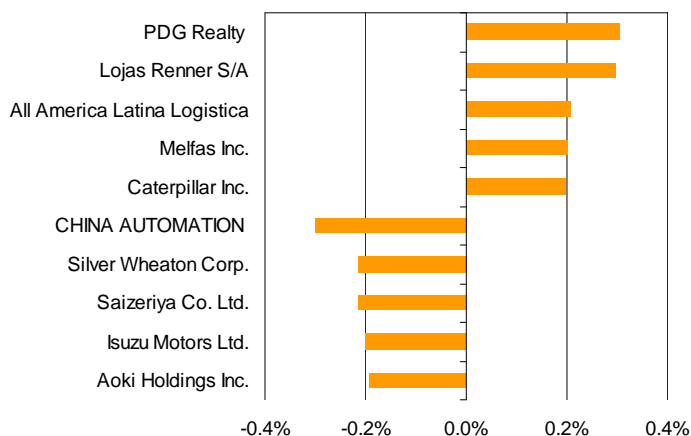
	Month %	3 Months %	Financial YTD	1 Year %	3 Years % p.a.	5 Years % p.a.	SI* % p.a.
Perennial Global Shares High Alpha Trust ^	0.0	-0.2	0.0	15.0	-8.5	-	-2.7
MSCI World Accum. (ex Australia) Index in AUD	0.7	-2.8	0.7	0.5	-10.3	-	-5.9
Value Added (Detracted)	-0.7	2.6	-0.7	14.5	1.8	-	3.2
Net Income	-0.1	-1.2	-0.1	12.6	-9.9	-	-4.1

[^] Gross Performance. ^{*} Since Inception. As at 1 April 2010, the Trust revised its Index to the MSCI World Accumulation Index (unhedged). In other respects, the investment strategy used by the investment management team has remained the same. Please note that the above table reflects all past performance against the new Index.

- Global equity markets posted strong gains during July with the MSCI World Index rising by 5.8% in local currency terms.
- However, these gains were offset by the strength of the AUD.
- Japan was the notable laggard over the month.

Global equity markets posted strong gains during July with the MSCI World Index rising by 5.8% in local currency terms. The AUD also posted strong gains, rising 7.5% against the USD, offsetting the positive returns to stock markets. Japan was the notable laggard over the month, posting a flat return. This was driven, at least in part, by the penalising effects of a strong Yen on corporate earnings. The Perennial Global Shares High Alpha Trust (the Trust) slightly underperformed MSCI World Accum. (ex Australia) Index in AUD (the Index), although remains comfortably ahead of on a year to date basis.

Attribution



Corporate earnings season was the dominant theme over the month. US companies, in particular, demonstrated their resilience in the face of mounting evidence of a slowing economic backdrop. Indeed, in spite of the strong corporate earnings profile, the market remains extremely nervous over the inevitable impact of economic stimulus fading in the second half of this year and into 2011.

Perennial Global Shares High Alpha Trust Facts:

The Trust aims to grow the value of your investment over the long term by investing in a portfolio of international shares and to provide a total return (after fees) that exceeds the rate of return MSCI World (ex Australia) Accumulation Index in AUD.

Portfolio Manager:

Clay Carter, James Soutter

Risk Profile:

High

Fund FUM

(as at 30/07/10):
AUD \$22.8 million

Team FUM

(as at 30/07/10):
AUD \$191 million

Fund Inception date:

February 2006

Income Distribution

Frequency:
Half Yearly

Minimum Initial

Investment:
\$25,000

APIR code: IOF0080AU

Did you know?

During the month the Trust bought into Valeo. Did you know that the term "Valeo", the name of the Trust's strongest performer during the month, means "I'm fine". This name was chosen by the Group's shareholders in 1980 to unite all aspects of the business under one name.

That said, some 70% of US companies reported better than anticipated numbers in the second quarter of this year and, with equity valuations low relative to most other asset classes, this was sufficient to buoy sentiment over the month.

The main positive contributors over the month were Avanti Mining, our Canadian molybdenum miner; Brazilian house builder, PDG Realty; and Lojas Renner, our Brazilian apparel company. The Trust's Japanese holdings were among the poorer performers, with negative contributions from Isuzu and Aoki Holdings. Meanwhile, silver miner Silver Wheaton also performed poorly, owing to weaker previous metal prices.

During the month, the Trust added Valeo, the French automotive parts group. The Team considers that the fruits of restructuring and volume recovery are not yet reflected in its valuation. A position in Asian Paints, an Indian based supplier of paints for decorative and industrial usage was also added. Positions in Coca Cola Femsa and Apollo Tyres were sold during the month.

Travels in North Asia

Over the month, Analysts from Perennial International spent two weeks travelling through Korea and Taiwan, visiting around 34 companies. The Analysts' overall impressions of Korea were favourable. Over the past decade, Korea has built world class companies, across a range of industries including automotive, consumer electronics, steel and shipbuilding. In many cases, their success has come at the expense of their Japanese counterparts, who, for too long, have struggled with a high cost structure, low productivity growth and outdated business practices.

Interestingly, the success of companies such as Hyundai, Samsung and Posco has fostered a supply chain that is not only benefitting from the success of their customers, but are winning share in their own right in Europe, Japan and America. For instance, Mando Corp specialising in brake, steering and suspension systems, has become the first Korean company to supply products to each of the big three auto manufacturers in the US. At a time when the industry has been struggling with growth, its business with the big three has compounded at 15% over the past three years. There are similar instances of this within the technology food chain, where the Japanese are beginning to aggressively outsource component supply to align their cost structure with both the strong Yen and global

competitors. Expect a number of these companies to appear in the Trust in the months ahead.

The contrast between Korea and Taiwan is interesting. For the most part, Taiwan has remained a low value-add country in terms of the companies that dominate the market. With direct access to the low cost footprint of mainland China, this has allowed it to earn a respectable return on capital with low margin business models. It has become clear that the desire to balance growth in China more towards domestic consumption and away from exports/investment spending means that wage inflation, which has gained so much press in the past month or two, is here to stay. With this backdrop, Perennial International expects to see Taiwanese companies investing much more aggressively in automation in order to raise productivity within their factories. Meetings with Hon Hai, amongst others, highlighted this trend going forward.

Outlook

The Team is of the belief that the debate over the potential of a so-called double dip recession is somewhat meaningless. Stepping back from the media noise and blow by blow commentary, there is at least one thing that is clear: the American consumer, representing one fifth of global GDP, is deleveraging.

Figure 1

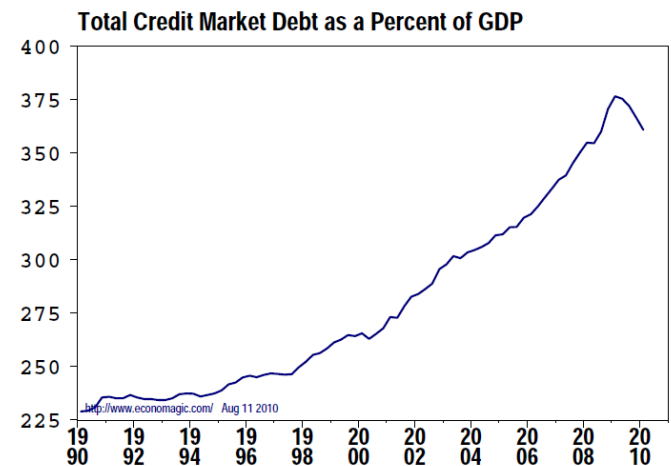


Figure 1 above shows the ratio of total credit to GDP in the US having risen from 225% in 1990 to 375% by 2008. This was sustained by rising asset prices, easy finance and job certainty. With the housing bust of 2006/7 and subsequent financial market fallout, the trend of consumer debt accumulation is now in reverse. In the month of June, consumer credit outstanding declined by USD10 billion, the fifth consecutive monthly decline and an annual pace

of 5.5%. In fact, consumer credit today is falling at the fastest pace on record, leaving an enormous hole in the make up of American GDP.

Without this traditional engine of economic growth in place, the investment landscape has been dramatically altered compared to what is captured within traditional benchmarks. Perennial International's research outside of traditional markets is leading the Team to find good businesses priced very attractively relative to other asset classes. This results in the Team being able to navigate around the issues that will likely continue to torment index based managers. As such, the Team remains optimistic on the outlook for the Trust.

Top Five Stocks as at 31 July 2010

Stock Name	% of Portfolio
CATERPILLAR	2.5%
ISUZU MOTORS	2.4%
LVMH	2.3%
CUMMINS INDIA LTD	2.2%
APPLE	2.2%

Source Perennial Investment Partners

Regional Allocation as at 31 July 2010

Stock Name	% of Portfolio
Canada	9.2%
United States	15.0%
Brazil	10.6%
Mexico	9.7%
United Kingdom	3.4%
Europe ex UK	10.1%
India	12.6%
Japan	7.9%
Pacific ex Aust Japan	15.0%
Other	4.4%
Cash	2.1%
Total	100.0%

Source Perennial Investment Partners. Rounding accounts for small +/- from 100%.