

Perennial Growth High Conviction Shares Trust

Monthly Report as at 31 July 2010

	Month %	Quarter %	Financial YTD %	1 Year %	2 Years % p.a.	3 Years % p.a.	Since Inception # % p.a.
Perennial Growth High Conviction Shares Trust*	3.7	-9.1	3.7	9.8	-2.4	-7.2	-5.1
S&P/ASX 200 Accumulation Index	4.5	-5.9	4.5	10.1	-0.6	-5.8	-4.4
Value Added (Detracted)	-0.8	-3.2	-0.8	-0.3	-1.8	-1.4	-0.7
Net Performance	3.6	-9.3	3.6	8.7	-3.3	-8.1	-6.1

* Gross Performance Past performance is not a reliable indicator of future performance

16 March 2007

- The S&P/ASX200 Accumulation Index had its strongest month since March, closing up 4.5%.
- The strongest performer in July was Intoll Group (up 41.3%).
- Perennial Growth increased existing positions in BHP Billiton, Worley Parsons and Sims Metal Management during July.

The S&P/ASX200 Accumulation Index (the Index) had its strongest month since March closing up 4.5%, whilst the Perennial Growth High Conviction Trust (the Trust) rose 3.7%. Improving investor confidence pushed markets higher in July following several positive events including strong quarterly reporting results in the US, better than expected European banking stress test results, softening of Basel III banking liquidity/capital rules and the Federal Government's decision to abolish the proposed Resource Super Profits Tax in favour of a less onerous Mineral Resource Rent Tax.

Global equity markets rose in July with China's Shanghai Composite Index up 10.0%, US Dow Jones up 7.1%, UK's FTSE100 up 6.9%, Tokyo's Nikkei up 1.7% and Hong Kong's Hang Seng up 1.2%. European bank regulators' stress test results revealed 7 out of 91 banks had failed to meet the 6.0% Tier 1 capital threshold, equating to a much lower than expected €3.5 billion capital shortfall. At the close of July, 61% of S&P500 index companies had reported with 75% beating expectations in US quarterly reporting season.

Commodity markets were predominately stronger in July as risk appetite returned. On the London Metal Exchange, all base metals closed higher with Lead (up 18.7%), Zinc (up 13.0%), Copper (up 12.0%), Aluminium (up 10.0%), and Nickel (up 7.1%). The WTI Crude oil price closed up 3.7% at US\$78.95 per barrel. However, the Chinese iron ore spot price fell 1.9% to US\$136 per tonne and the price of gold fell 4.9% to US\$1,181 an ounce.

Domestically, Industrials (up 7.1%), Financials (up 5.6%) and Materials (up 4.9%) were the strongest performing sectors, whilst Telecommunications (down 0.6%) and Information Technology (down 2.8%) were weaker. On the economic front, the Reserve Bank of Australia kept rates on hold at 4.5%, whilst 45,900 jobs were added and the

unemployment rate fell to 5.1% (previously 5.2%). The AUD rose 7.5% in July to close at US\$0.90.

Perennial Growth High Conviction Shares Trust

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and income, by investing in a concentrated selection of shares. Although the portfolio is benchmark unaware in portfolio construction, the Trust will aim to provide a total return (before fees) that exceeds the S&P/ASX 200 Accumulation Index measured on a rolling three-year basis.

Portfolio Manager:
Lee Mickelborough

Risk Profile:
High

Trust FUM (as at 31/07/10):
AUD \$20.1 million

Income Distribution Frequency:

Team FUM (as at 31/07/10):
AUD \$3.2 billion

Minimum Initial Investment:
\$25,000

Trust Inception date:
March 2007

APIR code: IOF0089AU

Did you know?

That as part of the ongoing evolution of Perennial Growth Management's business, we are pleased to announce two changes to the investment team. Nick Sladen has been promoted to the role of Equities Analyst and Chris Collins is joining Perennial Growth in the role of Equities Dealer.

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.

Other strong contributors included Westpac Bank (up 13.0%) and National Australia Bank (up 8.0%). Westpac Bank raised US\$3.0 billion in US debt markets to assist funding its loan growth, pleasing investors; whilst National Australia Bank rallied inline with the Banking sector and also extended the exclusivity agreement with AXA SA until 31 August 2010.

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. As risk appetite returned, Newcrest Mining and Lihir Gold declined in line with the gold price.

Asset Allocation as at 31 July 2010

Stock Name	Trust Weight %	Index Weight %
Energy	11.18	7.13
Materials	23.16	25.50
Industrials	15.94	6.06
Consumer Discretionary	4.99	3.97
Consumer Staples	0.00	8.74
Health Care	9.80	3.46
Financials-x-Real Estate	30.69	32.83
Real Estate	0.00	6.54
Information Technology	0.00	0.62
Telecommunication Services	0.00	3.79
Utilities	0.00	1.35
Cash	4.23	0.00

Rounding accounts for small +/- from 100%.

Perennial Growth increased existing positions in BHP Billiton, Worley Parsons and Sims Metal Management during July. CBH Resources was sold from the Trust, following the successful takeover by Toho Zinc; whilst holdings were trimmed in Intoll Group (following the takeover bid).

At month end the cash balance was 4.2% and the Trust held 21 stocks.

Top Ten Holdings as at 31 July 2010

Stock	Trust Weight %
Paladin Energy Ltd	5.61
WorleyParsons Ltd	5.57
Australian Infrastr.	5.39
Lihir Gold Limited	5.29
Westpac Banking Corp	5.26
Suncorp-Metway.	5.24
Sims Metal Mgmt Ltd	5.21
National Aust. Bank	5.20
AXA Asia Pacific	5.14
ConnectEast Group	5.10
Total	53.01