

Perennial Socially Responsive Shares Trust



PERENNIAL GROWTH WAS FORMED AUGUST 1999

A TEAM OF SEVEN INVESTMENT PROFESSIONALS, HEADED BY LEE MICKELBROUGH

STYLE – GROWTH INVESTMENT PHILOSOPHY

The objective of the Perennial Socially Responsive Trust is to invest in a portfolio of companies that not only offer sound investment opportunities, but also deliver a significant level of social responsibility for the community and the environment.

Perennial Growth's Approach

Socially responsive investing is achieved by both screening for those companies in unacceptable industries and screening for those companies that are regarded as most socially responsive.

The investment universe is categorised into highly positive companies, which are distinguished by positive environmental or social activities; unacceptable industries; and the remainder, as detailed in the diagram below.

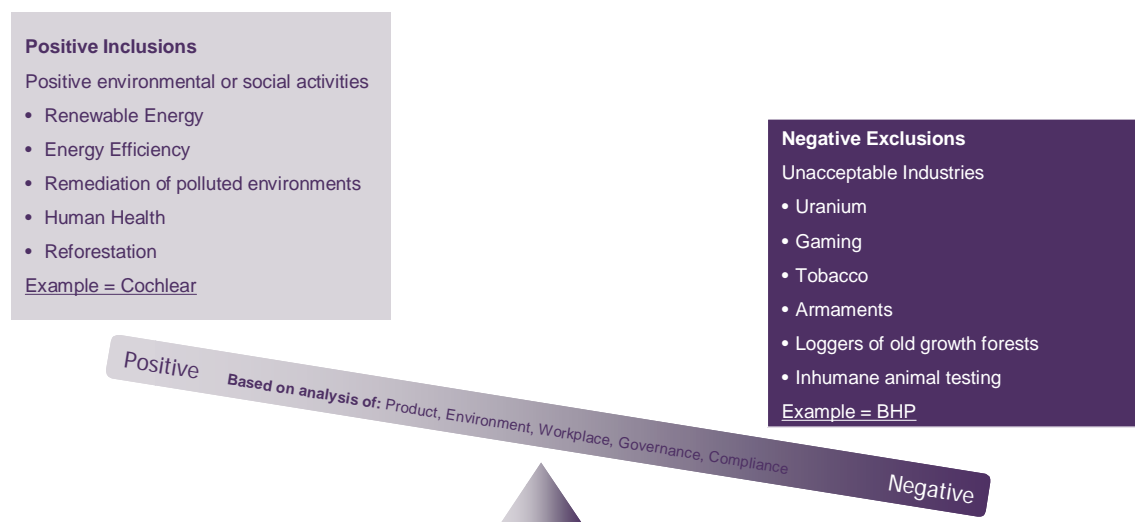
Perennial Value Australian Shares

Perennial Growth Australian Shares

Perennial International Shares

Perennial Australian Fixed Interest

Perennial Real Estate Investments



Perennial Growth is a profitable growth investor, seeking to invest in companies that can grow their businesses profitably, as only profitable growth adds value to shareholders.

INVESTMENT PHILOSOPHY

Perennial Growth is a specialist active Australian equities manager, whose investment process is based on a 'growth' investment philosophy. Perennial Growth is a profitable growth investor. Perennial Growth seeks to invest in companies that can grow their businesses profitably.

KEY FEATURES

Perennial Growth focuses on:

1. Profitable Growth – We seek to identify stocks that grow profitably, rather than grow their businesses for growth's sake. To do this we focus on the drivers of profitable growth.
2. Lifecycle Valuation Approach – We aim to avoid long-term valuation risks. This approach helps us avoid the typical "growth trap" of paying for blue-sky expectations, commonly built into company valuations. This often occurs because investors underestimate the increase in competition as an industry matures.
3. Original Research – This is Perennial Growth's cornerstone. We value non-broker, independent research.

STOCK SELECTION PROCESS

The process used to analyse and assess investment opportunities focuses on answering four key questions.

1. Opportunity – Can the company grow?
2. Execution – Can the company execute on these opportunities?
3. Profitable Growth Test – Is the growth profitable?
4. Lifecycle Valuation Approach – What should we pay for this growth?

Investment opportunities are those companies which pass all of these tests.

PORTFOLIO CONSTRUCTION

Six key measures are used to rank investment opportunities:

1. Growth in cash earnings – An indication of true underlying growth
2. Return on investment (ROI) – A measure of profitability
3. Change in ROI – Shows the trend in company performance
4. Management – The right personnel employing the right strategy
5. Industry – What is the company's positioning, the industry structure and outlook
6. Lifecycle Valuation Approach – What should we pay, given the long-term valuation risks.

RISK MANAGEMENT

- Target tracking error range: 3-5%.
- Minimum number of stocks: 20.
- Stocks are chosen on their own merit. Sector and size biases play no role in the portfolio's construction.
- Cash exposure will not exceed 5% for any length.

OUR APPROACH

Socially responsive investing is achieved by both screening for those companies in unacceptable industries and screening for those companies who are regarded as most socially responsive. Independent research on Australia's listed stocks is provided by SIRIS, a dedicated researcher and promoter of social responsibility in the Australian marketplace.

SCREENING FOR SOCIAL RESPONSIBILITY

Perennial Growth negatively screen stocks associated with unacceptable industries and/or activities and positively screen for the most socially responsible companies. Unacceptable industries include tobacco, armaments, loggers of old growth forests, uranium, animal testing and gaming. Positive screening is driven by a focus on the environment, governance and ethics, workplace safety, recyclability, product quality and stewardship and regulatory compliance. It can be demonstrated that the final portfolio constructed delivers not only a portfolio of sound investments but also a significant level of social responsibility.

INVESTMENT TEAM

The Perennial Growth team is made up of seven portfolio managers and analysts. The team's first love is stock picking and focusing on original research. The team is headed by Lee Mickelborough who has 24 years investment experience. He conducts portfolio management responsibility for the Perennial Growth Australian Shares capacity. Prior to joining Perennial in 2001, Lee worked with Alpha and CIGNA investment management firms.. Other investment professionals in the team include:

Adrian Mulcahy Firm: 11 years Industry Experience: 23 years	Richard Macdougall Firm: 7 years Industry Experience: 28 years
Andrew Sutherland Firm: 9 years Industry Experience: 19 years	Nick Sladen Firm: 4 years Industry Experience: 10 years
Paul Phillips Firm: <1 year Industry Experience: 8 years	Chris Collins Firm: 1 year Industry Experience: 7 years

Perennial Growth Management has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.



CERTIFIED BY RIAA

FOR MORE INFORMATION PLEASE CALL

1300 730 032 OR VISIT

WWW.PERENNIAL.NET.AU