

### Your questions answered

Perpetual's Monthly Income Funds (Funds) have been providing investors with regular income and capital stability since 1966, including through the global financial crisis of recent times.

Here we explain how the redemption process works and provide an update on how the Funds have performed. Further updates are available at [www.perpetual.com.au/fundchanges](http://www.perpetual.com.au/fundchanges). The quarterly redemption process enables us to provide redemptions in an orderly way while managing the Funds' assets in the best interests of all investors.

#### How does the redemption process work?

Redemptions are paid quarterly based on available cash in the Funds. If withdrawal requests exceed the Funds' available cash, all investors who have submitted a request for that quarter will receive a pro-rata amount. Investors' withdrawal requests are pooled and treated equally using the following formula:

$$\begin{array}{l} \text{\% of redemption} \\ \text{requests paid} \\ \text{(payout ratio)} \end{array} = \frac{\text{total of cash available from fund}}{\text{total investor redemption requests}}$$

#### What was the redemption payout ratio for the March quarter 2009?

For the quarterly redemption period ended 31 March 2009, we received a greater level of withdrawal requests than the cash available in the Funds. The payout ratios were as follows:

Fund	Monthly Income Fund	Wholesale Monthly Income Fund
Payout ratio	25.1%	23.9%

#### Why haven't withdrawal requests been paid in full?

Each quarter redemption payments are based on a Fund's available cash. For the March 2009 quarter the total amount from redemption requests was greater than the Funds' available cash. Therefore all redemption requests were paid on a pro-rata basis.

The payout ratios for the March 2009 quarter were lower than the December 2008 quarter largely because the Funds had a relatively low level of assets converting to cash in the March 2009 quarter.

If we paid redemption requests which exceeded the amount of cash available, we would be forced to sell some of the Funds' assets at discounted prices which would disadvantage other investors in the Funds.

#### What will the payout ratio be for the next quarter?

The payout ratio that investors receive will depend on the Funds' available cash and the level of redemption requests we receive up until 3pm on 30 June 2009. We will not be able to calculate the next payout ratio until shortly after this time.

#### How do I make a further withdrawal?

If you would like to make a further withdrawal you must submit a new withdrawal request for the next quarter ending 30 June 2009. Please complete the withdrawal form enclosed and send it to us in the reply paid envelope. The withdrawal form is also available on our website [www.perpetual.com.au/MIFform](http://www.perpetual.com.au/MIFform). To be included in the next quarter's redemption process we must receive your request in our Sydney office by 3pm (Sydney time) on Tuesday 30 June 2009.

Please note – your previous request for the March quarter will not be included in the next quarterly redemption process even though it was only partly paid.

#### Will I continue to receive my monthly income payments?

Yes. Monthly income payments will continue as usual. They are not affected by the quarterly redemption process.

#### Why was the redemption process changed?

We changed the Funds' redemption process to protect the interests of investors. Following the introduction of the Federal Government's bank deposit guarantee in October 2008 there was a marked increase in redemptions in mortgage funds across the industry. If we paid redemption requests which exceeded the amount of cash available, we would be forced to sell some of the Funds' assets at discounted prices. This would disadvantage remaining investors in the Funds.

The quarterly redemption process enables us to provide redemptions in an orderly way and continue to manage the Funds' assets in the best interests of all investors.

#### How does Perpetual manage my money?

The Funds invest in high quality mortgage loan assets directly managed by our specialist mortgage team, as well as deposits, money markets and fixed interest securities. The mortgage assets are very conservative and are secured by property.

As we have done for many years, we will continue to manage the Funds' assets prudently and conservatively.

All our Funds are closely regulated by the Australian Securities and Investments Commission (ASIC). All of the Funds' investments are held in completely separate structures to the assets of the Perpetual business. Perpetual does not have the right or ability to access clients' investment money for its own use. We are simply managing your investments on your behalf and will continue to do so.

### How have mortgage funds performed?

The objective of the Funds is to provide a consistent monthly income stream with strong capital stability. This has been achieved over many years including through the recent period of financial market turmoil and official interest rate reductions.

Returns to 31 March 2009	Monthly Income Fund	Wholesale Monthly Income Fund
12 months	5.26%	5.71%
3 months	0.86%	0.95%

For detailed information on the Funds' investments please visit [www.perpetual.com.au/MIFprofile](http://www.perpetual.com.au/MIFprofile)

### Can I make a new investment into the Funds?

The Funds are open for new investments, including via a savings plan or distribution reinvestment. If you would like to reinvest distributions please notify us in writing, by email or phone using the contact details below. Please note that any new investments will be subject to the quarterly redemption process.

### Is withdrawing from the Fund the best option?

There may be many reasons why you would want to withdraw from a Fund, depending on your particular circumstances and objectives. However, if your investment is fulfilling its role in providing regular income and preserving your capital, we recommend you seek financial and taxation advice to ensure you are able to make an informed decision. If you do not have a financial adviser you can phone us and we will put you in touch with one.

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### Further information

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**[www.perpetual.com.au](http://www.perpetual.com.au)**