



## Monthly Income Fund and Wholesale Monthly Income Fund ('Funds')

### Frequently Asked Questions

#### Return of Capital

##### 1. Will I still get monthly income?

The Funds have a long history of successfully delivering regular income and preserving capital. While the assets in the Funds continue to generate income, you will continue to receive monthly income payments.

It is important to note that as assets in the Fund mature and we pay back capital, your account balance will lower and you are likely to receive less monthly income.

##### 2. How long will it take to get my money back?

Perpetual aims to return your capital to you every six months as the assets in the Funds mature. If we have a significant number of assets maturing at one time, we will look to make a payment out of cycle.

Based on the current portfolio, we expect to return the majority of your capital to you by mid-2014.

Details of the assets of the Funds and their maturity profile are available on our website at [www.perpetual.com.au](http://www.perpetual.com.au)

##### 3. Why has Perpetual decided to close the Funds and return capital now?

Since 1966, we have prudently managed our mortgage funds through numerous market cycles to successfully achieve the primary objectives of delivering regular levels of monthly income and preserving capital.

Due to today's market environment and in particular the ongoing high levels of quarterly withdrawal requests, the existing structure of the Fund is not sustainable. The Fund is limited in its ability to conduct new lending and to take advantage of the strong returns available on mortgage investments.

It is with the best interests of our investors in mind that we have taken the decision to return capital for the benefit of all investors and to close the Fund.

##### 4. I have put in a withdrawal request for the September quarter. Will I get my payment?

We will not be making a withdrawal payment for the September 2011 quarter as we begin the process of automatically returning capital to investors.

We currently anticipate investors will receive at least 25% of capital back in March 2012 and then we will aim to make a payment every six months from then on.

You will not be required to submit any further withdrawal requests to receive your capital back.

##### 5. I recently put in a new investment application. Will it be accepted?

No, we will return all applications received after 3pm on 14 September 2011 for the Wholesale Monthly Income Fund and Monthly Income Fund within 30 days.

##### 6. I currently reinvest my distributions. What will happen to these?

Distributions can no longer be reinvested and will be paid to your nominated bank account.

If a 'Bank account update' form has been enclosed with this letter, please complete the form and return it to Perpetual in the reply paid envelope by 21 October 2011. Distributions will be paid to the bank account nominated on the form.

##### 7. Do I have to show the return of capital in my income tax return?

For tax purposes, a return of capital is similar to a withdrawal from the Fund. A return of capital may result in a capital gain or loss for you, which may need to be included in your tax return. As individual circumstances differ, we recommend you speak to your tax adviser.

You will continue to receive your annual tax statement each year.

**8. Why is it taking so long to make the first return of capital payment?**

Perpetual is currently preparing its operations in order to administer the return of capital to all investors.

**9. Perpetual currently pays out balances under \$1000 in full. Will this continue?**

Under the Corporations Act, there is no specific provision to pay out investors with an account balance under a certain amount.

However, we will be investigating ways to pay out balances under \$1000 over the coming months.

**10. Will I still be able to withdraw my investment under financial hardship?**

Your claim will be paid if you meet the eligibility criteria for financial hardship as described on our web site at [www.perpetual.com.au](http://www.perpetual.com.au) and if your claim is approved and processed by 17 October 2011.

After 17 October 2011, we hope to be able to still offer financial hardship claims. We are in the process of applying to ASIC for this purpose and will update you when we next write to you.

**11. What other investment options do I have?**

We will be contacting you shortly with more information on the return of your capital and on a new Fund which we are specifically developing to address some of the challenges faced by the mortgage fund sector in recent years.

We will also provide information on some of Perpetual's other income-producing products.