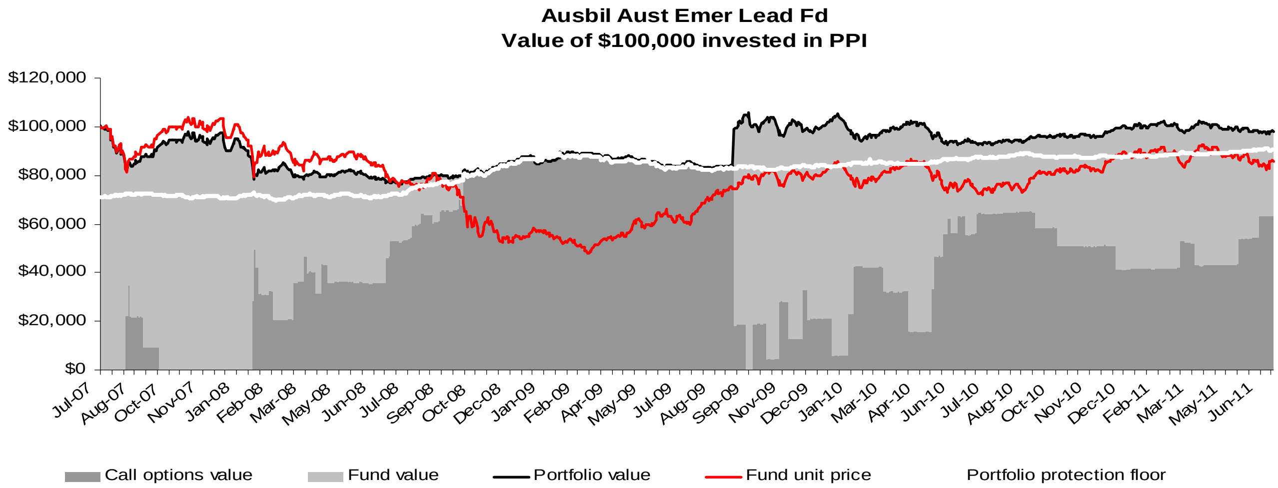
Perpetual

Perpetual Protected Investments

Fund Participation Offer – Series 1
Half-yearly performance summary as at 30 June 2011

Ausbil Australian Emerging Leaders Fund



The above graph represents the changes in the indicative value of your investment from 19 July 2007 to 30 June 2011. Your portfolio value is calculated as the sum of fund units, call options and cash at any given point in time. The graph does not represent a direct investment into the Ausbil Australian Emerging Leaders Fund *Source: Perpetual*

At a Glance			
Investment date	19 July 2007	Value as at 30/06/2011 of $1.15 invested	$0.98
Protection end date	31 May 2014	Percentage allocation of Fund units	35.6%
Maturity date	1 June 2014		

Source: Perpetual

The following information has been provided by the Fund Manager who has given their consent for it to be published. The information below represents a direct investment in the Fund not an investment in Perpetual Protected Investments Fund Participation Offer Series 1.

Fund Commentary

In the six months to June the Portfolio outperformed the benchmark.

At a sectoral level, the Portfolio benefited from its relative positioning in the Telecommunications, Materials and Information Technology sectors.

Conversely, underweight positions in the defensive AREITs and Utilities sectors, and the overweight position in the Consumer Discretionary sector detracted from performance.

At a stock level, the active positions in Iluka Resources, Equinox Minerals, Mesoblast and Atlas Iron were the largest positive contributors to relative performance. The nil holding in Paladin and OneSteel also benefited. The detractors to Portfolio performance were overweight positions in Gloucester Coal, Mirabela Nickel and Seven West Media.

Market Review

The Australian equity market, as measured by the Emerging Leaders composite benchmark1, posted a decline of 6.1% for the June quarter. Investors were concerned about weak US economic data, the impacts of the Japanese earthquake, the sovereign debt crises in the eurozone and expectations of a possible slowdown in China. Investor sentiment towards risk aversion was also supported by domestic news flow, with the RBA flagging inflation risk over the medium term, economic data suggesting a softening in activity and a number of companies downgrading earnings guidance, notably in the media, retail and steel sectors. Against this milieu the defensive sectors outperformed the broader market.

In economic news the Federal Budget statement reiterated a return to surplus by 2012-13 and the RBA kept the cash rate unchanged at 4.75% throughout the quarter. Local data highlighted a slowdown in economic momentum with 1Q GDP shrinking 1.2% q/q, the largest decline in 20 years, as severe flooding hit exports and jobs growth surprised to the downside. Both the NAB business confidence index and the Westpac-MI consumer confidence index fell in May, with economic conditions, interest rates and taxation cited as the areas of concern.

Over the quarter the AUD was volatile, initially reaching a post float high of US$1.097 in April before ending the quarter at US$1.07.

Outlook

Domestically, the twofold impact of tight monetary policy and strong currency has dampened domestic consumption and consumer sentiment. Regulatory uncertainty surrounding the proposed carbon tax has compounded the situation with large, trade exposed industries warning of massive potential job cuts via the press. This soft sentiment, as well as inflationary pressures within domestic labour and capital equipment markets is likely to see import competing manufacturers struggle to meet earnings expectations. Bottom up metrics remain supportive with the mid cap segment of the market trading on an FY12 PE of 11.0 times with earnings expectations of EPS growth of 25.1% year on year. The smaller cap stocks are a riskier proposition in a relative sense trading on 12.7 times FY12 and assuming 46% earnings growth. Despite the potential for further earnings downgrades in the Industrials space at the upcoming reporting period, these numbers are broadly supportive. It is likely that cheap valuations will encourage further merger & acquisition activity particularly given strong corporate balance sheets and the relative difficulty of executing organic growth options domestically. For large, well capitalised companies, the Emerging Leader market segment is likely to provide numerous opportunities to acquire growth.

Performance

as at 30 June 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-4.69%	19.42%	19.05%	3.88%	5.03%	15.08%
Net	-5.14%	18.15%	17.60%	2.12%	3.64%	13.39%
Benchmark	-6.07%	14.87%	13.24%	-2.34%	0.67%	9.53%

Stock name	%
Iluka Resources	7.91
Oz Minerals	6.03
Challenger Financial	5.77
Mineral Resources	4.89
Gloucester Coal	4.67
Atlas Iron	4.06
Goodman Group	3.39
Seven Group Holdings	3.19
Mirabela Nickel	3.08
Echo Entertainment Group	3.07
Total	**39.6%**

Sector weights	%
Energy	10.59
Materials	33.35
Industrials	16.66
Consumer Discretionary	14.78
Consumer Staples	3.60
Healthcare	6.92
Financials (x LPT)	5.77
LPTs	6.15
IT	0.00
Telecommunication	1.52
Utilities	0.00
Cash	0.65
Total	**100%**

Investment Objective

The aim of the Fund is to outperform the benchmark over the medium to long term. The Fund invests in a portfolio of listed Australian equities that are primarily chosen from the S&P/ASX 300 Index, but generally exclude securities from the S&P/ASX 50 Leaders Index.

Benchmark

Composite benchmark (70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index).

Investment Category

Australian Equities

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