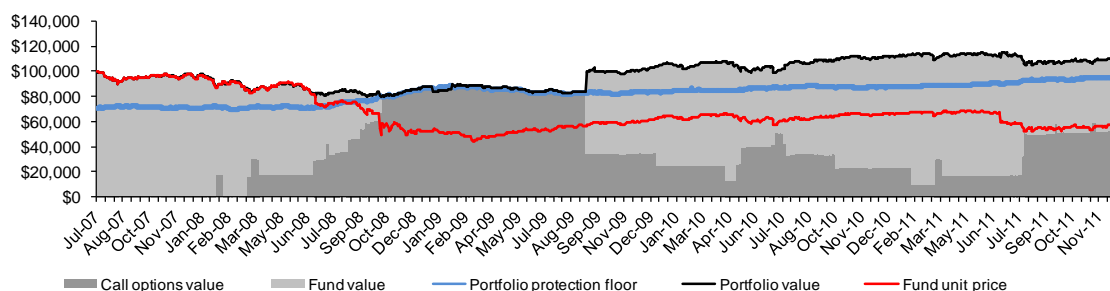


Fund Participation Offer – Series 1 Half-yearly performance summary as at 31 December 2011

Macquarie International Infrastructure Securities Fund

Macq Inv Int'l Infrac Sec
Value of \$100,000 invested in PPI



The above graph represents the changes in the indicative value of your investment from 19 July 2007 to 31 December 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 Macquarie International Infrastructure Securities Fund.

Source: Perpetual

At a Glance

Investment date	19 July 2007	Value as at 31/12/2011 of \$1.15 invested	\$1.11
Protection end date	31 May 2014	Percentage allocation of Fund units	52.5%
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

Global equity markets returned 7.79% (in local currency terms) in the December quarter. The Fund returned 7.52% (net),

outperforming the benchmark. As the Fund is currency hedged, currency movements do not materially affect its return.

The major contributors to the Fund's total return were the Pipelines, Toll Roads and Electric Utility sectors. The Social Infrastructure and Electricity Transmission sectors were the only detractors. Relative to the benchmark, the major positive contributors were the underweight allocation and stock selection in Electric Utility and Seaports and stock selection in Toll Roads. The underweight and stock selection in Pipelines, the overweight to Social Infrastructure and stock selection in Water were the major detractors.

Market Review

Listed infrastructure performed well, gaining around 5.7% in local currency terms in the December quarter. For the 2011 calendar year, listed infrastructure strongly outperformed global equities. While global equities were down 5.5%, listed infrastructure was only down around 0.3% (both in local currency terms), demonstrating its strong defensive characteristics in a very volatile year. Pipelines performed very strongly this quarter, buoyed by continued positive announcements and the sector's attractive yield. The better performing stocks were in North America. El Paso was up over 52% after Kinder Morgan announced that it will acquire the company, with consideration almost 40% higher than the closing share price on the prior day. Williams Co and Spectra Energy both rallied after making positive growth announcements and increasing their quarterly distribution. After soft performance last quarter, the Toll Roads sector was strong, led by the European and Chinese stocks which had lagged previously. Traffic on Jiangsu Expressway's main road, the Shanghai-Nanjing Expressway, was up 16.2% in November year on year (yoy). The European stocks benefited from some improvement in sentiment in December. Atlantia in Italy announced toll increases for 2012 slightly above expectations, while Vinci reported solid 3Q11 results and announced the opening of the first of three sections of a toll road in Slovakia. Transurban in Australia continued to perform well due to its strong defensive attributes and attractive yield.

The Electric Utility sector was very mixed over the quarter. The Japanese and European stocks generally underperformed, while US stocks did well. Tokyo Electric Power's (Tepco) decline continued in the aftermath of the Fukushima nuclear disaster. There were media reports that the government may inject about \$13 billion of equity into Tepco by mid year, which would effectively nationalise it. The Fund did not and does not hold this stock. Korea Electric Power outperformed due to a tariff hike, while companies in the US generally outperformed. NextEra Energy was up after repurchasing a large number of shares during December.

The Airports sector was also mixed over the quarter, with gains in Asia Pacific and Latin America offset by weakness among European airport stocks. Beijing Capital International Airport was up as it continued to report solid passenger traffic growth throughout the period. In Mexico, Grupo Aeroportuario del Sureste reported traffic in the third quarter up 8.2% yoy and EBITDA up 45% yoy. However Fraport in Germany was down, despite reporting 3Q11 results in line with market expectations and slightly increasing its 2011 earnings guidance.

After outperforming last quarter, the Water sector underperformed the market slightly as investors rotated away from regulated infrastructure names towards the end of the period. The UK Water stocks gave up some of their recent gains due to some moderation in the country's inflation which impacts future pricing as part of their regulatory arrangement.

After outperforming strongly last quarter, Social Infrastructure was weak. Corrections Corp of America was down on news that a tender for prison beds in Arizona had been delayed and downsized.

Outlook

We approach 2012 with cautious optimism. Resolution of the European sovereign debt crisis would appear to be a prerequisite for markets to be able to refocus on stock specific issues. There are clear signs that policy makers are working hard to stabilize the situation which requires both a satisfactory economic and political outcome for the key players. Until

then, macroeconomic developments are expected to continue to generate significant asset price volatility. The listed infrastructure sector is undervalued based on both historical earnings multiples and our discounted cashflow based valuations. This is driven by the unusually high level of uncertainty in the global economy and markets. While European stocks especially look undervalued on many traditional measures, we are particularly cautious on those stocks that are exposed to future European growth, which is likely to be subdued for some years. Equity markets have been driven largely by macro developments in 2011, with less

differentiation between stocks. This has created an opportunity for investors who focus on individual company fundamentals when those fundamentals take over from the macro environment as the dominant driver of equity market returns. Investors around the world are facing a shortage of growth and yield across asset classes. Many infrastructure stocks are well positioned. They have resilient and growing earnings, high and sustainable dividend yields and attractive valuations.

Performance to 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa*
Gross	7.81	3.65	8.67	12.66	0.95	4.77
Net	7.52	2.54	7.50	11.45	-0.18	3.58
Benchmark	6.47	1.98	4.12	7.00	0.92	5.40

Stock name	%
Vinci	4.1
Spark Infrastructure	3.7
Atlantia	3.6
Asciano	3.6
PG&E	3.1
Williams Companies	2.9
Hamburger Hafen und Logistik	2.9
TransCanada	2.8
NextEra Energy	2.7
Crown Castle International Corp.	2.6

Sector weights	%
Pipelines	18.7
Electric Utility	16.1
Toll Roads	14.5
Airports	10.0
Seaports	9.8
Electricity & Gas Distribution	8.1
Water	4.4
Electricity Transmission	3.1
Communications	2.6
Diversified	2.4
Social Infrastructure	2.2
Rail/Other Transportation	1.5

Investment Objective

The Macquarie International Infrastructure Securities Fund (Fund) aims to provide a return comprising both income and capital growth by investing in a diversified portfolio of global listed infrastructure securities, and to outperform the S&P Global Infrastructure Index (Net Total Return \$A Hedged)** over the medium to long term.

Benchmark

S&P Global Infrastructure Net Total Return Index (\$A Hedged) "SPGII"

Investment Category

Global Share

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