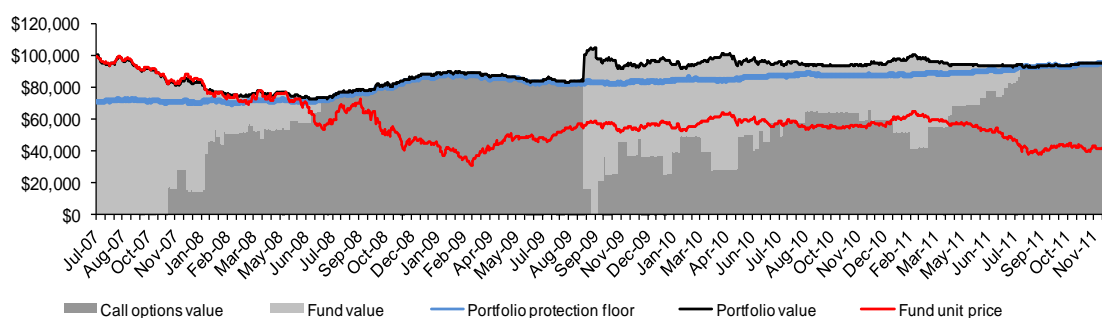


### Fund Participation Offer – Series 1 Half-yearly performance summary as at 31 December 2011

#### PM Capital Absolute Performance Fund

PM Capital Absolute Perf Fund  
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 PM Capital Absolute Performance Fund.

Source: Perpetual

#### At a Glance

Investment date	19 July 2007	Value as at 31/12/2011 of \$1.15 invested	\$0.95
Protection end date	31 May 2014	Percentage allocation of Fund units	0.0%
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

The Fund returned -18.2% for the six months versus the MSCI return of -6.3%. At the end of December 2011 the portfolio was 121% invested (71% in the USA, 12% Australia, 20% in Europe, 15% in the UK with 2% in other regions).

The volatility in markets has given the manager the opportunity to make changes to the portfolio during the last quarter of 2011, particularly as capital was freed up following the takeover offer of Novellus by Lam Research. Novellus was an 8% position in the Fund at the time of the takeover approach and the takeover price represents a 30% takeover premium.

The manager also trimmed their Life Time Fitness, Visa & Norfolk Southern positions as they had reached price targets and were at near term highs. They redeployed the capital into new positions being Pfizer, SABMiller and MGM Mirage, as well as increasing their exposure to US housing names.

## Market Review

This half year investors have continued to witness extreme volatility in capital markets as sentiment swung wildly on economic data points as they were issued. An example of this volatility is the fluctuation in the Australian Dollar, which swung between US\$0.98 and US\$1.07, before falling back to around parity cents at the end of the year.

## Outlook

The areas of the market which represent the best risk and reward outcome going forward are also those areas which are hit the hardest when the environment turns downward. The manager's overarching strategy has been to position the Fund into retail banking business in recent years, and this strategy is behind the poor performance of the Fund in 2011. Despite the short term uncertainty around this sector, the manager continues to believe it offers investors the best likely outcome going forward and as such, the manager continues to hold their positions.

The manager believes this period of volatility indicates that prices are likely to have bottomed out and holding onto their positions will result in outperformance compared to buying into positions in other sectors.

## Performance as at 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	N/A	N/A	N/A	N/A	N/A	N/A
Net	0.1	-19.7	-10.7	1.7	-12.9	3.1
Benchmark	2.0	-5.6	-3.8	-2.3	-7.4	-1.1

Stock name	%
ING Groep	7.7
Lloyds Banking	7.5
Applied Materials	7.0
JP Morgan	6.9
Comcast	6.9
Maxim	6.4
Bank of America	6.4
Wells Fargo	6.3
BB&T	5.9
Heineken	5.6

Sector weight	%
Industrials	4.9
Consumer Discretionary	21.0
Consumer Staples	14.4
Healthcare	4.8
Financials	46.1
Information Technology	43.0

### Investment Objective

Positive investment returns over a three year plus investment horizon

### Benchmark

MSCI World

### Investment Category

Global Equities

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