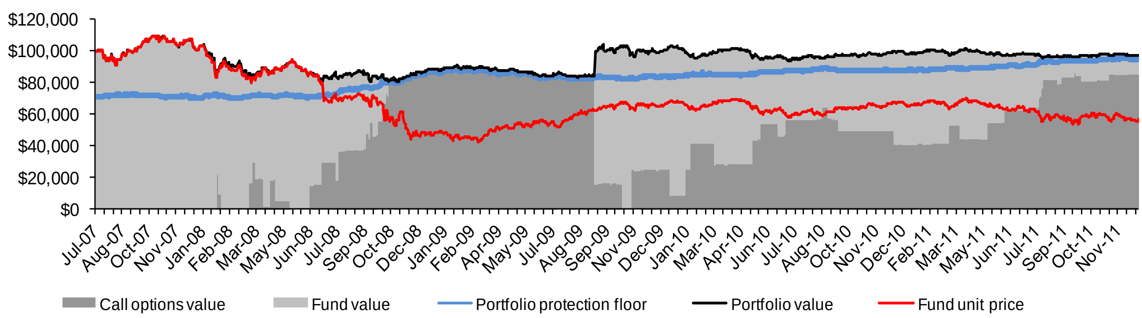
Perpetual

Perpetual Protected Investments

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

## Perennial Growth Shares Wholesale Trust

**IOOF Inv Mg Wsale-Growth Share**
**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 Perennial Growth Shares Wholesale Trust

*Source: Perpetual*

### *At a Glance*

| | | | |
|---|---|---|---|
| Investment date | 19 July 2007 | Value as at 31/12/2011 of $1.15 invested | $0.97 |
| Protection end date | 31 May 2014 | Percentage allocation of Fund units | 12.7% |
| 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

It was a volatile period for financial markets during the second six months of 2011 as macroeconomic concerns dominated investor sentiment. The S&P/ASX300 Accumulation Index (the Index) fell 9.8% during the six months to the end of December. The Perennial Growth Shares Wholesale Trust (the

Trust) underperformed the Index by -1.9%, finishing the period down 11.7%.

The largest positive contributions to performance for the period came from ConnectEast Group (up 19.6%), James Hardie Industries (up 17.1%) and Transurban Group (up 10.2%). The most significant detractor to performance over the six months was OneSteel (down 61.1%), with the not held position in Telstra (up 20.7%) also negatively impacting performance. Other stocks which detracted value included Northern Iron (down 63.8%) and JB Hi-Fi (down 32.6%). New stocks added to the portfolio over the quarter included Transurban Group, Challenger, Seek and Orica. Suncorp, Amcor, News Corporation and Nufarm were sold from the portfolio.

Domestically, the Reserve Bank of Australia reduced rates by 0.5% to 4.25% over the 6 months; citing the risks to global growth posed by ongoing sovereign debt market stress, and there was an increase in the unemployment rate from 4.9% to 5.2%. The Australian dollar continued to show a strong correlation with commodity prices, and with the majority of base metals and iron ore falling during the period the currency finished at USD1.021, down from USD1.071 at the start of the period. It was a challenging spell for the domestic retail industry with a number of retailers announcing profit downgrades highlighting the tough conditions the sector currently faces.

## Market Review

The European debt crisis remains the most significant driver of market sentiment, and while a number of additional measures were taken to provide further support to the existing structure of the Eurozone, the economic situation in the region remains extremely fragile. On a positive note, US economic data over the period was generally positive and points towards a slow recovery, whilst the Chinese economy continues to grow at a robust pace.

## Outlook

Domestic equity market focus is currently directed towards the February profit reporting period and the impact of ongoing global economic headwinds, a softening local economy and an elevated Australian dollar on corporate profits. With the situation in Europe remaining fragile the impact of recent attempts to provide some financial system stability in the region, such as the Longer Term Refinancing Operations provided by the European Central Bank, will be a significant driver of equity market performance through 2012.

## Performance

### as at 31 December 2011

| | 3 months (%) | 1 year (%) | 2 years (%) pa | 3 years (%) pa | 5 years (%) pa | Inception* (%) pa |
|---|---|---|---|---|---|---|
| Gross | 0.88 | -12.88 | -6.09 | 8.50 | -2.01 | 8.88 |
| Net | 0.69 | -13.59 | -6.85 | 7.63 | -2.77 | 8.14 |
| Benchmark | 2.05 | -10.98 | -4.76 | 7.67 | -2.39 | 8.28 |

| Stock name | % |
|---|---|
| BHP Billiton Limited | 13.06 |

| Sector weights | % |
|---|---|
| Energy | 6.66% |

| | |
|---|---|
| Westpac Banking Corp | 7.94 |
| ANZ Banking Grp Ltd | 7.64 |
| National Aust. Bank | 7.23 |
| Commonwealth Bank. | 5.99 |
| RIO Tinto Limited | 4.17 |
| Newcrest Mining | 4.04 |
| AMP Limited | 3.92 |
| CSL Limited | 3.57 |
| Woodside Petroleum | 3.47 |

| | |
|---|---|
| Materials | 30.20% |
| Industrials | 12.28 |
| Consumer Discretionary | 1.86 |
| Consumer Staples | 2.42 |
| Health Care | 3.57 |
| Financials-x-Real Estate | 36.91 |
| Real Estate | 2.24 |
| Information Technology | 3.14 |
| Telecommunication Services | 0.00 |

## Investment Objective

To grow the value of your investment over the long term via a combination of capital growth and tax effective income by investing in a diversified portfolio of “growth oriented” Australian shares and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

## Benchmark

S&P / ASX 300 Accumulation index

## Investment Category

Australian Shares

any investor's capital. Total returns shown for the fund(s) have been calculated using exit prices net of all ongoing fees and assuming reinvestment of distributions. No allowance has been made for any entry or exit fees or taxation. Past performance is not indicative of future performance.