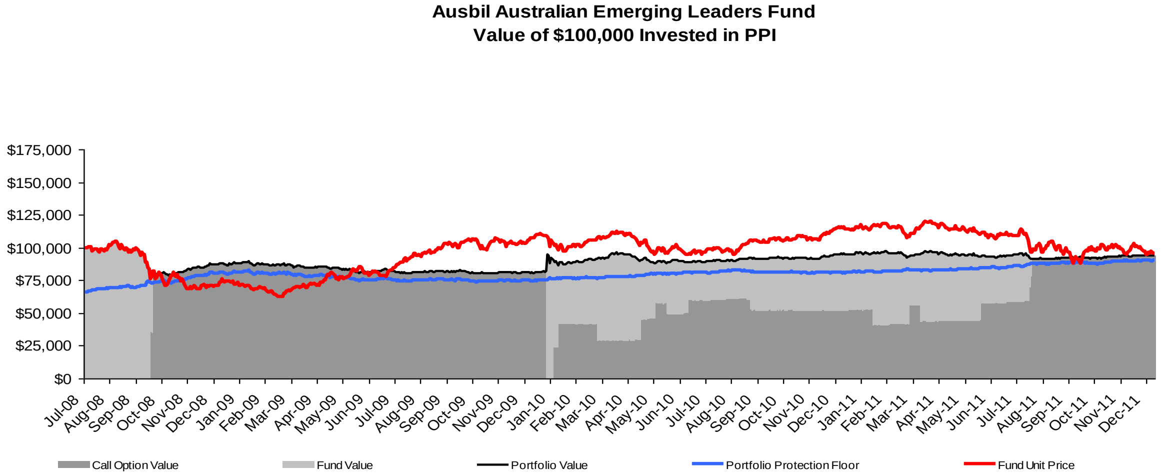
Perpetual

Perpetual Protected Investments

Fund Participation Offer – Series 3
Half-yearly performance summary as at 31 December 2011

Ausbil Australian Emerging Leaders Fund



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 Ausbil Australian Emerging Leaders Fund *Source: Perpetual*

At a Glance

Investment date	19 July 2007	Value as at 31/12/2011 of $1.15 invested	$0.92
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 3.

Fund Commentary

In the six months to December the Portfolio returned -12.81% versus the benchmark return of -12.66%.
At a sectoral level, the Portfolio benefited from its relative positioning in the Industrials, Telecommunications, Information Technology and Healthcare sectors. Conversely, underweight positions in the defensive AREITs and Utilities sectors, and the relative positions in the Consumer Discretionary and Energy sectors detracted from performance.
At a stock level, the active positions in Iluka Resources, Gloucester Coal, Mineral Resources and REA Group were the largest positive contributors to relative

performance. The nil holding in Lynas Corporation also benefited. The detractors to Portfolio performance were overweight positions in Matrix Composites & Engineering, Kagara Zinc, and OneSteel. The nil Holding in McArthur Coal also detracted from relative performance.

Market Review

The Australian equity market as measured by the Emerging Leaders composite benchmark (1) declined 12.7% over the 6 months to 31 December on the back of concerns about the sovereign debt crisis in the eurozone and expectations of a possible slowdown in China. In Australia, the RBA identified global uncertainty and European sovereign debt stress as the reason to support the reduction in the official cash rate by 0.50%.

In company news, Corporate actions during the period included a complex bid for Gloucester Coal from Yanzhou Coal Mining of China, a proposed merger between Aston Resources and Whitehaven Coal and the announcement of the acquisition program from Bendigo & Adelaide Bank. BHP Billiton announced a $14.3bn takeover offer for Petrohawk Energy, a US shale gas company; and SABMiller agreed a deal to take out Fosters Group. Industrial relations action is becoming more evident with the example of a dispute between the unions and Qantas Airways resulting in the airline temporarily grounding its fleet.

Outlook

Europe's ability to deliver a credible and co-ordinated plan to counter the sovereign debt issues of several of its constituents remains a key focus for investors. Attempts thus far have fallen short of the mark and the impact felt via a general de-rating of risk assets globally. While events in Europe will continue to drag on market sentiment, confirmation of a recovery in the US recovery or a clear indication of robust Chinese growth (at a minimum, as per the 12th 5 year plan projections) would see Europe's relative importance reduced in the eyes of investors. On China, the move by the PBOC to ease the Reserve Requirement Ratio for the first time since early 2010 should backstop expectations that growth is being appropriately managed.

Having witnessed ongoing downgrading of growth expectations through 2011, the market still appears to be pricing further weakness for 2012, with domestic equities (as measured by the S&P/ASX Midcap 50 Index) trading on an FY12 multiple of 11.4 times. FY13 presents an even more pessimistic view at 9.8 times. The S&P/ASX Small Ords is trading on a relatively more aggressive 12.7 times FY12 whilst yields appear supportive for both measures at 5.3% and 4.0% respectively for FY12. Earnings growth assumptions of 7.6% and 39.7% respectively are likely to be cum downgrade – more so the further one ventures down the market cap chain - but valuations appear to be largely discounting this risk already. The February reporting season will provide an important marker for the Emerging Leaders Index but in the interim, corporate activity may continue to provide valuation metrics, albeit at a slower pace given current funding scarcity and market uncertainty.

Performance
as at 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	4.76	-14.81	-3.51	11.12	-0.61	12.64
Net	4.57	-15.80	-4.67	9.70	-1.96	11.01
Benchmark	1.36	-17.81	-6.34	7.67	-5.36	7.50

Stock name	%
Challenger Financial	5.81
Gloucester Coal	5.75
Oz Minerals	5.50
Mineral Resources	4.47
Ansell	3.61
James Hardie Indust.	3.53
Echo Entertainment Group	3.53
REA Group	3.27
Dexus Property Group	3.20
Seven West Media	3.09
TOTAL	**41.76**

Sector weights	%
Energy	10.06
Materials	21.91
Industrials	19.90
Consumer Discretionary	17.95
Consumer Staples	5.11
Healthcare	9.11
Financials (x LPT)	7.75
LPTs	5.78
IT	0.00
Telecommunication	1.51
Utilities	0.00
Cash	0.94
TOTAL	**100.00**

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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