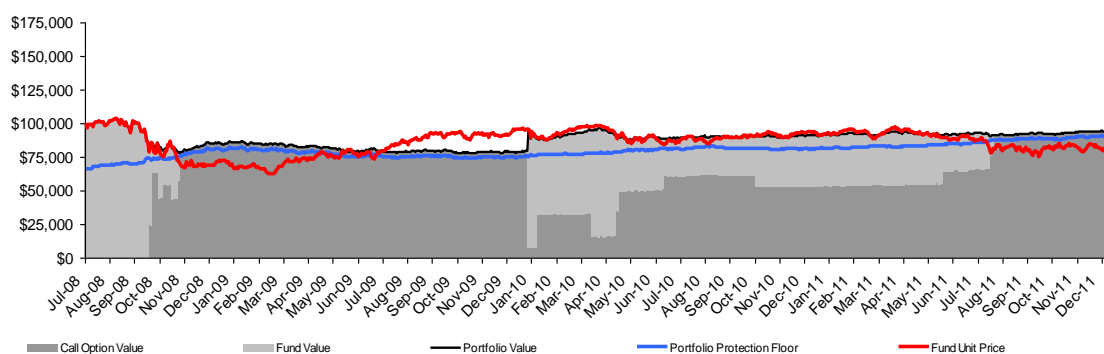


Fund Participation Offer – Series 3 Half-yearly performance summary as at 31 December 2011

Alphinity Wholesale Australian Share Fund

Alphinity Wholesale Australian Share Fund
Value of \$100,000 Invested in PPI



The above graph represents the changes in the indicative value of your investment from 25 July 2008 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 Alphinity Wholesale Australian Share Fund

Source: Perpetual

*The Fund changed investment manager and investment methodology on 1/09/10 at which time Alphinity Investment Management commenced managing the Fund.

At a Glance

Investment date	25 July 2008	Value as at 31/12/2011 of \$1.15 invested	\$0.92
Protection end date	31 May 2015	Percentage allocation of Fund units	0.0%
Maturity date	31 May 2015		

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

The Alphinity Wholesale Australian Share Fund outperformed the S&P/ASX 300 Accumulation Index over the six months to 31 December 2011. In a period during which risk aversion was sometimes at extreme levels, the more defensive stocks in the portfolio tended to be those which performed the best. Key contributors to returns were overweight positions in defensives Transurban Group (+10.2) and MAP (which has since been re-named Sydney Airport) (+8.0%). Less defensive stocks which performed well included News Corporation (+8.3%) and Monadelphous Group (+12.3%). Detracting from returns were overweight positions in David Jones (-38.0%), which is suffering from weak consumer demand, miner Rio Tinto (-26.8%) and UK-based fund manager Henderson Group (-32.3%).

*The Fund changed investment manager and investment methodology on 1/09/10 at which time Alphinity Investment Management commenced managing the Fund.

Market Review

The Australian equity market (S&P/ASX 300 Accumulation Index) ended the second half down 9.8% as the Eurozone crisis continued to dominate markets. The Resources sector (-20.8%) underperformed Industrials (-4.6%) due to increasing risk aversion and a softening of commodity prices due to fears of a slowdown in demand from China.

Global equity markets generally fell during the second half of the year despite strong gains in the S&P500 in the fourth quarter on the back of improving US economic data. The Eurozone crisis dominated news flow as investors remained cautious about the ability of politicians to gain popular support for the budget policies needed to overcome sovereign debt issues. Despite the ongoing uncertainty, US corporates delivered strong earnings growth in the 2Q11 US reporting season. Against this background of earnings weakness and uncertainty, defensive sectors were the standout, managing to deliver positive returns. The RBA cut rates by 50 bps in

the fourth quarter, citing a lower inflation outlook and deteriorating conditions in Europe.

Outlook

We believe the Australian economy is likely to remain patchy in 2012. Economic growth is slowing in most regions but does not appear to be collapsing. We see the US continuing its slow recovery in 2012 rather than gaining significant momentum. Growth in China is also slowing, putting some short-term pressure on commodity prices. We believe, however, that Chinese growth, and thus commodity prices, will remain strong enough to not cause major delays to current capex plans by miners in Australia. With most of the large capex projects gathering pace in 2012, it is in our view too early to call and end to the "two speed economy" in Australia. The November and December rate cuts in our view largely reflects the uncertain global outlook, and has not as yet provided any relief to traditionally interest rate-sensitive sectors such as discretionary retailing. While the savings ratio is unusually high at the moment, this looks to be at least partly structural and to some extent concentrated in spending on goods (clothing and footwear), as spending on services (telco, travel, cafes and restaurants) remains robust. The consumer would need quite a significant cut in interest rates to substantially alter spending patterns, and this will only come if economic conditions deteriorate significantly. The Australian equity market is currently caught between two opposing factors. On the one hand the market is on most measures cheap. Even using longer term valuation metrics such as price to trailing 10 year average earnings the market is trading below historical levels. On the other hand, earnings continue to lack positive momentum with resource earnings in recent months joining the negative revisions trend of Industrial and Bank earnings. The aggregated return for the companies in our CRM is currently in excess of 20%. While we see this as clearly within the potential return range for the market, the downside risk to earnings does pose a risk to this being realised.

Performance as at 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	3.19	-9.52	-	-	-	-
Net	2.96	-10.33	-	-	-	-
Benchmark	1.14	1.45	-	-	-	-

*The Fund changed investment manager and investment methodology on 12/07/2010 at which time Alphinity Investment Management commenced managing the Fund.

Stock name	%
BHP Billiton Limited	11.92
Westpac Banking Corporation	7.43
National Australia Bank Limited	6.72
Australia And New Zealand Banking Group Ltd	6.18
Commonwealth Bank Of Australia.	6.17
Telstra Corporation Limited.	5.41
Wesfarmers Limited	3.29
CSL Limited	2.66
News Corporation	2.53
Transurban Group Stapled	2.39

Sector weights	%
Cash	1.00
Consumer Discretionary	5.30
Consumer Staples	4.62
Derivatives	0.54
Energy	12.91
Financials Ex Property	32.89
Health Care	3.71
Industrials	7.86
Information Technology	0.00
Materials	23.04
Property Trusts	3.07
Synthetic Cash	-0.37
Telecommunication Services	5.41
Utilities	0.00

Investment Objective

The Fund aims to outperform the S&P/ASX 300 Accumulation Index after costs and over rolling five - year periods.

Benchmark

S&P/ASX300 Accumulation Index

Investment Category

Australian Share

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