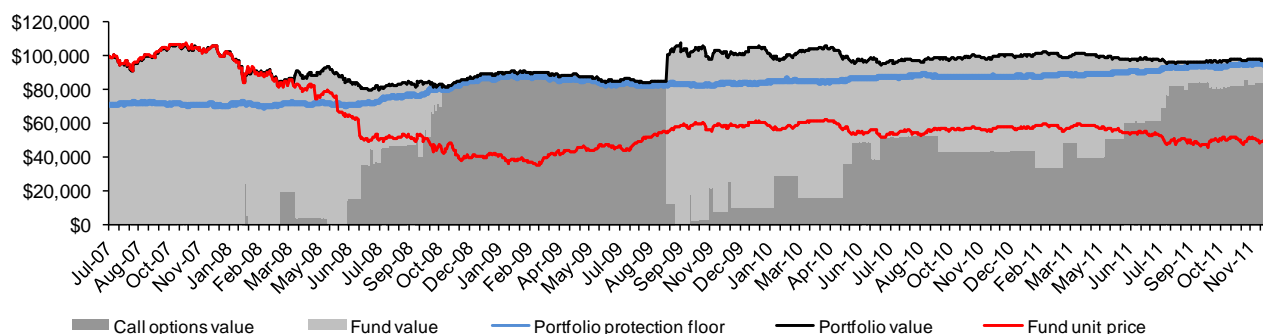


Fund Participation Offer – Series 1 Half-yearly performance summary as at 31 December 2011

UBS Australian Share Fund

UBS Aus Share 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 UBS Australian Share Fund.

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	13.5%
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

After fees and expenses, the fund returned negative 10.04% for the six months to 31 December 2011, underperforming the

benchmark. Over the past year, the Fund has returned negative 12.12%.

During the September quarter, overweight holdings in Suncorp, James Hardie Industries and AGL Energy were the major contributors to performance.

During the December quarter, overweight holdings in James Hardie, Iluka Resources, Transpacific and Santos and the underweight holding in Newcrest Mining were the major contributors to performance.

Market Review

The Australian equity market, as measured by the S&P/ASX 300, returned a negative 9.83% for the second half of 2011.

The federal government introduced their carbon tax early in the second half of the year and this weighed heavily on the market. The domestic reporting season was fairly mixed although prices were mainly driven by macroeconomic concerns rather than company specific results.

The AGM season saw the majority of companies indicate that the current operating environment remained tough. Towards the end of the year, the market was hit by a number of profit warnings

suggesting a deteriorating consumer and employment environment. This, together with a plethora of macro data which included increased concerns of a potential break-up of the Eurozone, dented investors' already fragile confidence.

The RBA cut the cash rate by 25 bps twice during the second half, down to 4.25% with the likelihood of further cuts in early 2012 increasing.

Outlook

Steady economic data from the US had been swamped by the apparent unknown impacts of the European debt crisis and concerns about the extent of the Chinese slowdown. This had dampened consumer, business and indeed investor confidence, and resulted in severe equity market volatility.

While we remain concerned about Europe's structural issues, we are optimistic about the ability of the US to grind out low growth and for Chinese authorities to engineer ongoing, albeit lower growth. The Australian economy remains one the best placed globally with strong employment levels, the ongoing benefits from the link to Asia, and substantial monetary and fiscal policy firepower.

Performance as at 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	3.17	-11.39	-7.17	9.37	0.68	10.91
Net	2.94	-12.12	-7.93	8.49	-0.13	10.08
Benchmark	2.05	-10.98	-4.76	7.67	-2.39	8.15

Stock name	%
BHP	9.88
Commonwealth Bank Of Australia	7.41
Westpac	5.71
ANZ	5.52
National Australia Bank	4.77
James Hardie Industries	3.45
Rio Tinto	3.44
Santos	3.01
Asciano Group	2.98
Wesfarmers Limited	2.97

Sector weights	%
Energy	6.82
Materials	22.66
Industrials	12.30
Consumer Discretionary	4.46
Consumer Staples	3.99
Health Care	3.30
Information Technology	2.50
Telecommunication Services	2.07
Utilities	2.95
Financials ex Property Trusts	35.50
Australian Listed Property	3.12
Cash	0.33

Investment Objective

This Fund aims to provide investors with a total return (after management costs) in excess of the S&P/ASX 300 Accumulation Index (Benchmark) when measured over rolling five year periods.

Benchmark

S&P/ASX 300 Accumulation Index (Benchmark) when measured over rolling five year periods.

Investment Category

Australian Shares



86 000 431 827 and its subsidiaries) or the fund manager, guarantees the dynamic management strategy, the performance of any fund or the return of 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.
