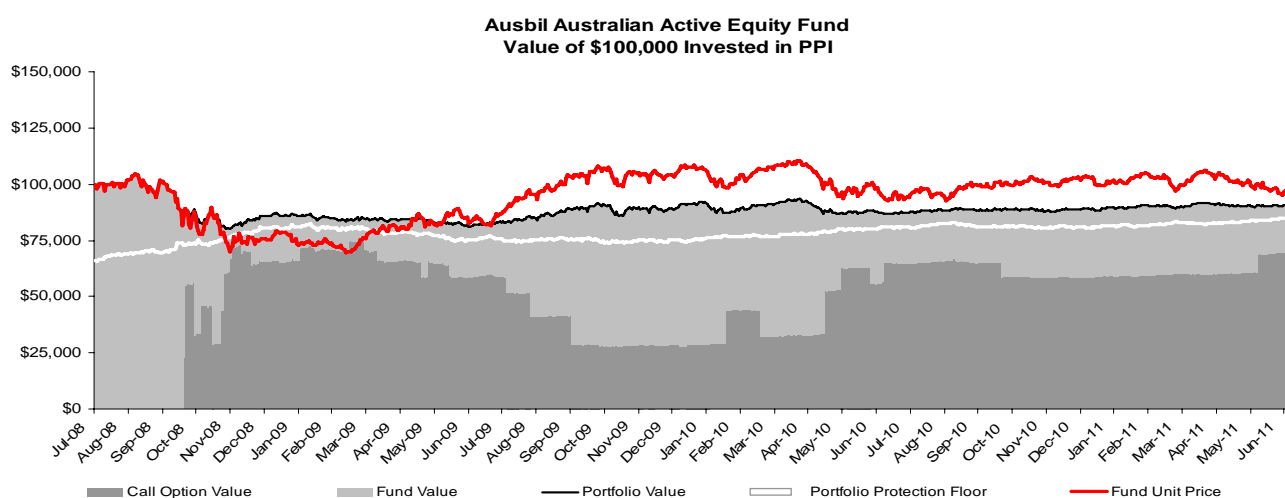


Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 30 June 2011

Ausbil Australian Active Equity Fund



The above graph represents the changes in the indicative value of your investment from 19 July 2007 to 30 June 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 Active Equity Fund Source: *Perpetual*

At a Glance

Investment date	19 July 2007	Value as at 30/06/2011 of \$1.15 invested	\$0.89
Protection end date	31 May 2014	Percentage allocation of Fund units	23.9%
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 Series 1a.

Fund Commentary

In the six months to June the Portfolio outperformed the benchmark.

The Portfolio continues to be positioned for a broad pick-up in growth, retaining an international cyclical orientation over the quarter, with overweight positions in the

Materials and Capital Goods sectors. Over the period the extent of the domestic cyclical exposure was trimmed due to headwinds. Whilst valuations look attractive, they are likely to be under continued earnings pressure driven by high AUD and higher interest rates.

At a sectoral level, the Portfolio benefited from its underweight positions in the Energy and Healthcare sectors and overweight position in the Telecommunications sector over the period. The underweight position in the Energy sector was a strong contributor as commodity prices generally declined over the period, driven by weaker economic data from Europe and the US and emerging concerns about Chinese growth assumptions. Conversely, the underweight position in the defensive REITs sector, and the overweight positions in the Financials (ex REITs) and Consumer Discretionary sectors detracted from performance.

At a stock level, overweight positions in Amcor, Seven Group, Lend Lease, and Orica were the largest positive contributors to relative performance. Not holding Bluescope Steel also assisted relative performance. Detractors to the Portfolio included the overweight positions in Leighton Holdings, Seven West Media, Alumina and Tabcorp. The nil holding in Iluka Resources and relative holdings in the Commonwealth Bank also detracted from performance.

Market Review

The Australian equity market declined 4.3% over the June quarter on the back of concerns about weak US economic data, the impacts of the Japanese earthquake, the sovereign debt crises in the eurozone and expectations of a possible slowdown in China. Investor sentiment towards risk aversion was also supported by domestic news flow, with the RBA flagging inflation risk over the medium term, economic data suggesting a softening in activity and a number of companies downgrading earnings guidance, notably in the media, retail and steel sectors. Against this milieu

the defensive sectors outperformed the broader market.

In company news, the earnings reports were mixed with downgrades pointing to a subdued domestic economy. Leighton Holdings warned of lower profits due to problematic projects, Woodside Petroleum announced significant cost overruns at its Pluto project, the Government rejected Singapore Exchange's proposed merger with the ASX and Foster's and Tabcorp completed demergers of their wine and casino divisions respectively.

Outlook

Domestically, the twofold impact of tight monetary policy and strong currency has dampened domestic consumption and consumer sentiment. Regulatory uncertainty surrounding the proposed carbon tax has compounded the situation with large, trade exposed industries warning of massive potential job cuts via the press. This soft sentiment, as well as inflationary pressures within domestic labour and capital equipment markets is likely to see import competing manufacturers struggle to meet earnings expectations. Bottom up metrics remain supportive with the market trading on an FY12 PE of 10.4 times with earnings expectations of EPS growth of 17.6% year on year. Despite the potential for further earnings downgrades in the Industrials space at the upcoming reporting period, these numbers are supportive. It is likely that cheap valuations will encourage further merger & acquisition activity particularly given strong corporate balance sheets and the relative difficulty of executing organic growth options domestically.

Performance as at 30 June 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-4.45%	11.02%	12.54%	1.69%	3.69%	11.74%

Net	-4.64%	10.15%	11.61%	0.83%	2.78%	10.71%
Benchmark	-4.26%	11.90%	12.47%	0.26%	2.37%	8.02%

Stock name	%
BHP Billiton	16.96
ANZ Bank	8.63
Westpac	7.09
Rio Tinto	6.72
National Australia Bank	6.52
Wesfarmers	5.62
Telstra	3.44
Amcor	3.05
Suncorp-Metway	2.92
Lend Lease	2.62
Total	60.8%

Sector weights	%
Energy	6.10
Materials	37.62
Industrials	5.99
Consumer Discretionary	6.32
Consumer Staples	8.59
Healthcare	0.00
Financials (x LPT)	30.01
LPTs	1.07
IT	0.00
Telecommunication	3.44
Utilities	0.00
Cash	0.86
Total	100.00%

Investment Objective

The aim of the Fund is to outperform the S&P/ASX 300 Accumulation Index over the medium to long term with moderate tax effective income. The Fund invests in a portfolio of listed Australian equities that

are generally chosen from the S&P/ASX 300 Index.

Benchmark

S&P / ASX 300 Accumulation Index

Investment Category

Australian Equities

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