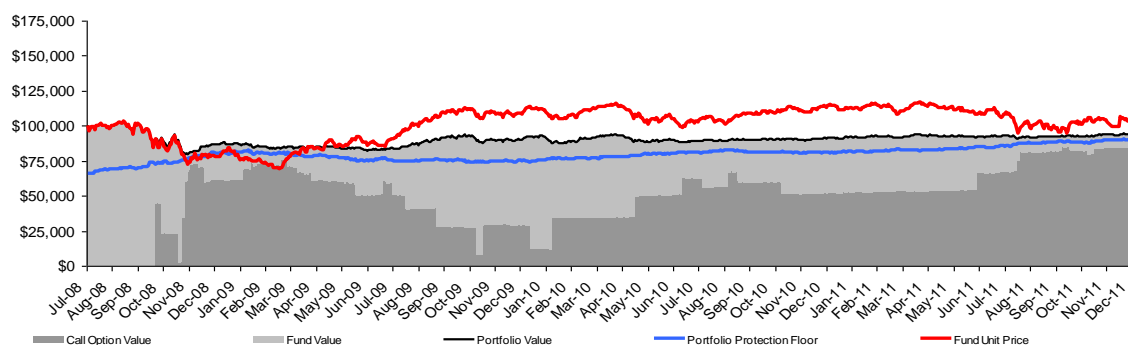


Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2011

Schroder Wholesale Australian Equity Fund

Schroders Wholesale Australian Equity 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 Schoder Wholesale Australian Equity Fund
Source: Perpetual

At a Glance

Investment date	25 July 2008	Value as at 31/12/2011 of \$1 invested	\$0.92
Protection end date	31 May 2015	Percentage allocation of Fund units	9.9%
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 Series 3.

Fund Commentary

The S&P / ASX 200 Accumulation Index decreased by 9.7%, while the Schroder Wholesale Australian Equity Fund (post-fee) decreased by 8.3%, outperforming by 1.4% for the 6 months to 31 December 2011.

Quarterly contributors

Newcrest Mining (+0.41%)
James Hardie (+0.34%)
BHP Billiton (+0.31%)

Quarterly Detractors

Alumina (-0.42%)

Chorus (-0.29%)

Fletcher Building (-0.27%)

Our investment process is dominantly focused on the long term. In trying to ascertain how much we should pay for a business, there are a couple of issues which dominate our thinking. The first is whether the business will stand the test of time, and the second is how much we think it can sustainably earn.

Market Review

Replays of the slow motion train wreck otherwise known as the global economy continue to sap the energy of weary equity investors. Markets limped through the final quarter of 2011, with farcical plans to convince investors that insolvent sovereigns were actually sound investments proving understandably ephemeral. Whilst the large scale restructuring of debt that needs to occur remains obfuscated in political argument, we expect investors to remain focused on trying to protect wealth. This objective is thoroughly challenging.

The rapid expansion of global credit and the resultant inequitable distribution of wealth are at the heart of current global problems. The path to recovery will require wealth redistribution (whether the wealthy like it or not). We believe sensible

investment strategies are likely to benefit from an acceptance of this reality, rather than assuming reality can be deferred or prevented.

Outlook

Financial markets seem more likely to continue along the path of responding periodically to initiatives which aim to restore confidence through deception rather than addressing genuine sustainability. It is for this reason that we are wary of expectations of strong returns from equity investment despite apparently cheap valuations versus history.

Expectations for equity returns also need to be considered in light of other asset classes which are also likely to deliver unexciting returns, and in no way means that we believe attractively valued businesses cannot be found. We do however, as noted earlier, expect wealth protection to remain challenging.

Sustaining profitability and returns on capital in this environment will become an increasingly difficult objective, and we expect that companies which can achieve this objective will perform well. As a result, our portfolio remains skewed towards businesses that we believe have franchises which can endure tougher times and management teams looking to support returns through hard work and productivity gain rather than financial engineering and corporate activity.

Performance

as at 31 December 2011

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa*
Gross	3.72	-7.49	-2.11	11.25	1.08	9.24
Net	3.48	-8.33	-3.01	10.21	0.15	8.22
Benchmark	2.12	-10.54	-4.68	7.58	-2.31	6.95

Stock name	%
BHP Billiton Limited	12.7
National Australia Bank Limited	7.6
Commonwealth Bank of Australia	7.0
Westpac Banking Corporation	6.8
ANZ Banking Group	6.1
Woolworths Limited	5.7
Telstra Corporation Limited	4.4
Rio Tinto Limited	2.9
Brambles Limited	2.8
James Hardie Industries	2.6

Sector weights	%
Energy	5.15
Materials	28.30
Industrials	5.75
Consumer Discretionary	3.13
Consumer Staples	8.65
Health Care	5.25
Information Technology	1.71
Utilities	2.19
Telecoms	6.00
Financials	33.07

Investment Objective

To out perform the S&P/ASX200 Accumulation Index over the medium to long term. The fund offers investors access to a professionally managed portfolio of predominantly Australian securities.

Benchmark

S&P/ASX 200 Accumulation Index

Investment Category

Australian Equities

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426 with the assistance and consent of the relevant fund manager. It is general information only and is not intended to provide you with financial advice and does not take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted by PIML or the relevant fund manager for any loss or damage as a result of any reliance on this information. You should also consider the PDS for the relevant fund. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 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.
