



Perpetual Protected Investments

Perpetual Protected Investments – Series 2a Half-yearly performance summary as at 31 December 2009

GVI Global Industrial Share Fund

At a Glance

Investment date	21 December 2007	Value as at 31/12/09 of \$1.15 invested	\$1.00
Protection end date	31 May 2014	Percentage allocation of Fund units	100%
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 2a.

Fund Commentary

The Fund made a gain of 4.8% over the December quarter while the overall market increased by 5.3%. Strong contributors to the Fund's returns were holdings in materials (Syngenta and BASF), healthcare, energy (TransCanada, Total and Statoil) and consumer staples while our relatively modest and selective exposure to financials held up well in a negative quarter for the sector. Our higher weighting to telecom stocks weighed on the fund's performance as Telekom Austria followed by OTE of Greece negated the strong gains made by TeliaSonera and Spain's Telefonica. Nestle posted gains based on its strong defensive qualities as well as its imminent sale of eye-care company Alcon. In a re-rating of the healthcare sector, Germany's Bayer made the strongest gains (also assisted by its chemical exposure) followed by Pfizer and Novartis which possesses one of the best and well-diversified pipelines amongst its peers. In December, the Fund distributed 1 CPU.

Market Review

World equity markets advanced 5.3% over the December quarter and ended the year on a positive note that most developed nations were growing again supported by improving economic indicators. Strong growth and economic activity in emerging markets has spurred an increase in commodity prices in tandem with the weaker US\$ and low interest rates. Oil prices firmed around \$80US pb, with copper reaching \$3.3US /lbs and gold hitting historical highs of \$1187 per oz. The last 6 weeks of the quarter saw markets begin to take stock of current positions after an astonishingly strong run in the preceding 8 months, fuelled by the accommodative environment created by central banks and governments globally. The main question being asked by investors is the sustainability of current economic activity and therefore, future earnings growth, once the positive effects of the monetary and fiscal stimulus and the inventory cycle begin to unwind.

Outlook

We expect more sobering earnings expectations in 2010 after such a strong and swift rise fuelled by cheap money from the aggressive measures taken by central banks and governments worldwide and expectations of a V-shaped recovery. We expect a year where macro factors and policy decisions will add significant uncertainty and volatility to market conditions. We believe that by staying the course and adhering to our proven process (not chasing momentum) our

unitholders will be rewarded over time, particularly when we consider that the quality companies will be more resilient under these conditions and where earnings growth and dividend yield will play a significant role to total returns, unlike the risk rally of 2009. We remain cautious and at the same time alert to the opportunities that the market may provide us with in 2010.

Performance

as at 31 December 2009

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	5.09	12.43	-11.67	-5.32	N/A	4.37
Net	4.77	11.10	-12.74	-6.46	N/A	3.13
Benchmark	5.28	27.00	-12.04	-6.32	N/A	2.51

Stock name	%
E.ON	1.96
Nestle	1.93
GDF Suez	1.86
KPN Holland	1.85
Singapore Airlines	1.83
Roche	1.82
Transcanada	1.80
Origin Energy	1.79
Novartis	1.78
Telefonica	1.78
Total	18.40

Sector weight	%
Energy	13.40
Cash	13.00
Telecommunication Services	12.30
Industrials	12.10
Utilities	11.70
Health Care	9.20
Consumer Discretionary	7.80
Consumer Staple	6.60
Financials	6.10
Materials	5.60
Information Technology	2.20
Total	100

Investment Objective

To provide long-term capital growth and income to generate a rate of return (after fees and expenses and before taxes) which exceeds the return of the benchmark of the *fund*, the MSCI World Index (AUD) hedged over rolling three-year periods.

Benchmark

MSCI World Index (AUD) hedged

Investment Category

Global Equities

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