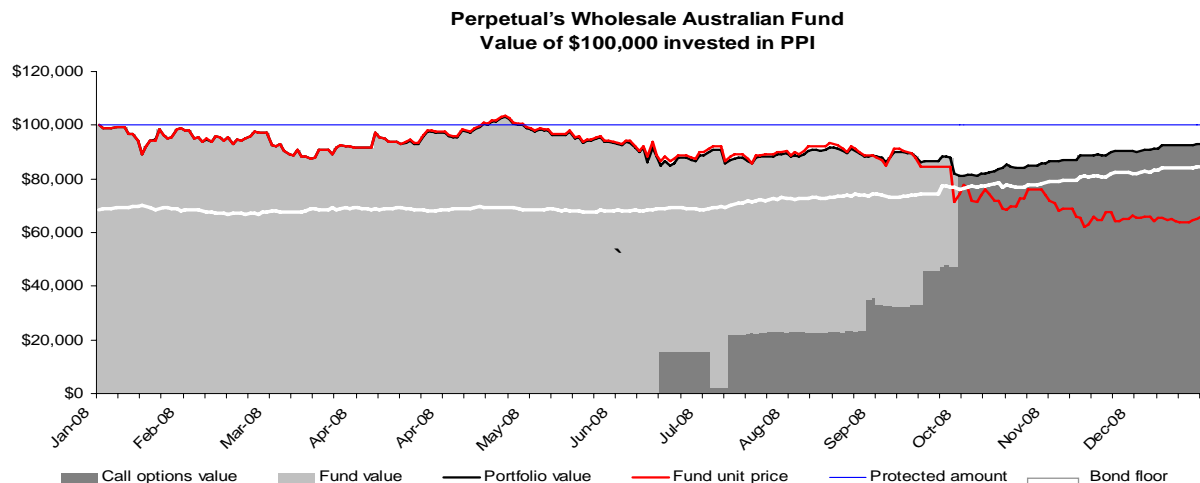


Perpetual Protected Investments – Series 2 Half-yearly performance summary as at 31 December 2008

Perpetual's Wholesale Australian Fund



The above graph represents the changes in the indicative value of your investment from 21 December 2007 to 31 December 2008. Your portfolio value is calculated as the sum of fund units, call options and cash at any given point in time. *Source: Perpetual*

At a Glance

Investment date	21 December 2007	Value as at 31/12/08 of \$1 invested	\$0.87
Protection end date	30 April 2015	Percentage allocation of Fund units	0%
Maturity date	30 April 2015		

Source: Perpetual

The following information has been provided by the fund manager who has given their consent for it to be published.

Fund Commentary

The portfolio returned -26.82% (gross of fees and taxes) for the six months to December, outperforming its benchmark by 0.38%.

Two themes underpinned market movements; the sharp deterioration in global growth prospects for 2009 and also the continued capital raisings in equity markets to unwind balance sheet leverage in the wake of the global credit crisis. In this environment, each stock's balance sheet strength, earnings certainty and valuation are key to performance. Accordingly, the portfolio is positioned conservatively in high quality companies with sustainable business models that have been proven to work in difficult economic times, have low levels of debt and

deliver strong cash flows to investors. These low-risk stocks are likely to receive increased attention from investors as investors seek to reduce portfolio risk. Many of these stocks are trading at levels not seen for many years and we continue to find good opportunities in selective stocks in a broad range of sectors.

Market Review

The S&P/ASX 300 Accumulation Index fell 27.2% in the final half of 2008, to record its worst ever calendar year return (-39%) since 1876. The year proved to be historic in many ways not to mention the unprecedented declines incurred across the majority of asset classes. Investors were provided with a timely reminder of the risks associated with



leverage, and commodity price/resource sector cycles.

The second half of 2008 was extremely volatile with all market sectors falling. The hardest hit were the Materials (-44%), Energy (-35%) and Property Trusts (-34%) sectors. Over the last month, the market did show some signs of improvement on very light trading volumes. Globally all the key market indices traded well below their five-year historical average 12 month forward PE levels during the quarter. Currently the Australian market is trading 32% below its historical average.

Outlook

With 2009 global economic prospects remaining weak, profit margins will remain

under pressure in the wake of lower top line revenue growth and sustained costs pressures. In this environment, companies will continue to monitor and contain costs to ensure they are aligned for a weaker economic climate. The Australian sharemarket has been priced for a particularly negative earnings environment in 2009 and some quality stocks could have been oversold and represent good buying opportunities for the patient investor. These quality companies have lower risk profiles as evidenced by their high degree of earnings certainty and strong balance sheets and we will continue the search for stocks of this type that have attractive valuation.

Performance as at 31 December 2008

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-20.05	-35.53	-13.74	-3.02	8.41	11.08
Net	-20.26	-36.19	-14.60	-3.95	7.40	10.06
Benchmark	-18.48	-38.92	-15.75	-4.03	6.72	7.60

Top Ten Holdings	%	Sector weights	%
BHP Billiton	8.12	Energy	18.13
Coal & Allied Industries	7.43	Materials	20.75
Westpac Banking Corporation	7.04	Industrials	7.58
Commonwealth Bank of Australia	5.88	Consumer Discretionary	8.04
National Australia Bank	5.52	Consumer Staples	5.05
Origin Energy	4.17	Health Care	1.39
Telstra Corporation	3.95	Financials excluding Property Trusts	29.29
Iluka Resources	3.64	Property Trusts	0
New Hope Corporation	3.34	Information Technology	2.01
ANZ Banking Group	3.18	Telecommunication Services	3.95
Total	52.27	Utilities	0
		Cash and Fixed Interest	3.82
		Total	100



Investment Objective

To provide long term capital growth and income through investment in quality industrial and resource shares and other securities

Benchmark

S&P/ASX 300 Accumulation Index

Investment Category

Australasian Shares



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