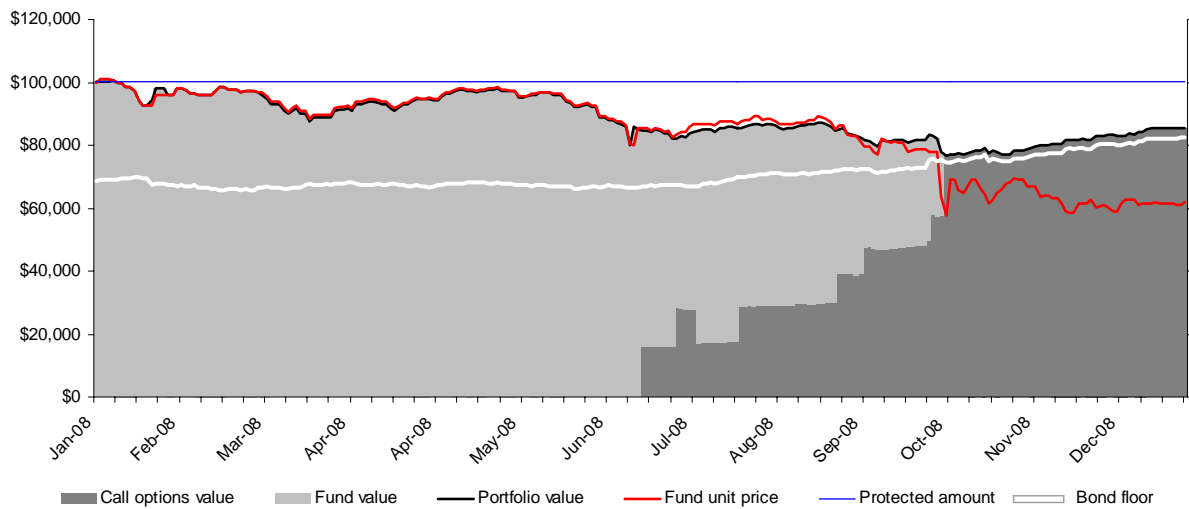


## Perpetual Protected Investments – Series 2 Half-yearly performance summary as at 31 December 2008

### Macquarie International Infrastructure Securities Fund

Macquarie International Infrastructure Securities Fund  
Value of \$100,000 invested in PPI



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	\$0.88
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 Fund delivered a total net return of –19.72% for the quarter to 31 December, underperforming the Macquarie Global Infrastructure Index (AUD hedged) which returned –11.25%. The Fund outperformed global equities, as measured by MSCI World (in local currency terms) which returned –20.52%.

The largest stock contributors to performance were the US pipeline stock Energy Transfer Partners, which reported solid results; Spain's gas distribution business Enagas, which benefited from its

defensive characteristics; and Mexican airport Grupo Aeroportuario del Pacifico, on stable passenger traffic.

#### Market Review

The performance of the Fund was set against a period of very weak global equity markets and heightened volatility, with October and November two of the most turbulent months on record. Global markets hit multi-year lows in mid November, due to credit market dislocation (which had deteriorated significantly in September), broad financial sector concerns and the global economic



slowdown. The global infrastructure sector was not immune from the resulting weakness and historically high volatility in global equity markets. As a result, a significant disconnect developed between the share price performance of infrastructure companies and the generally sound operational performance of the infrastructure assets owned and/or operated by these companies.

Following the lows in November, the market rebounded modestly in late December, with the volatility experienced over the period beginning to subside. This rally occurred despite the already weak global economic outlook for 2009 deteriorating. Throughout the entire period, slower macroeconomic and corporate data continued to be released, contributing to the sharp market declines and volatility.

Global equities (as measured by the MSCI World Index) fell 20.5% (in local currency terms), while the infrastructure sector, as measured by the Macquarie Global Infrastructure Index, performed more defensively, down 10.6% (in local currency terms). The gains in the later part of the period across most markets reduced the losses incurred early in the period.

Overall, despite the significant macroeconomic and financial headwinds, while share prices were generally weak, the operational performance of companies across the portfolio was resilient and generally in line with our expectations during the quarter. The operational results were supported by a combination of the assets' regulated or long-term contracted revenues, essential service nature and relatively inelastic demand profiles.

### Outlook

Further volatility can be expected in the near to medium term as macroeconomic developments unfold, and companies across the broad equity market continue to downgrade guidance and/or report earnings that reflect the impact of the slowdown in growth.

We believe it is prudent to be tilted towards the more defensive names within infrastructure sectors and have tilted the Fund in recent months toward the regulated/contracted sectors (e.g. Pipelines, Water, and Electricity & Gas Distribution). However, the Fund also retains exposure to quality user demand infrastructure assets that we believe are well placed to perform when markets normalise.

The long-term prospects for infrastructure remain sound, with the United States, China, and other developed countries expected to include the private sector in implementing recently announced infrastructure spending packages. These spending packages may create opportunities for companies in the listed infrastructure sector. Given the additional demands on governments' finances as a result of the economic downturn, the ongoing trend of governments selling and leasing infrastructure assets to private operators may accelerate. We expect that the listed infrastructure sector will continue to grow.

We believe that the pricing of global listed infrastructure securities should revert more closely, over time, to reflect the fundamentals of their respective underlying infrastructure assets.

In our view, owning high quality listed infrastructure securities at a time when listed equity markets are experiencing significant challenges will ultimately reward investors.

The largest stock detractors from performance were German port company Hamburger Hafen und Logistik, on concerns over the impact of weaker economic growth on container volumes; Australian port and rail company Asciano, on concerns over its capital structure and the impact of weaker economic growth (the stock is no longer held); and Spanish tollroad company Cintra Concesiones de Infraestructuras de Transporte, primarily on concerns over the impact of weaker economic growth on traffic volumes in Spain and North America.



## Performance as at 31 December 2008

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-19.48	-37.96	-14.35	-2.01	N/A	-2.02
Net	-19.72	-38.70	-15.37	-3.18	N/A	-3.18
Benchmark	-11.25	-28.01	-7.54	4.28	N/A	3.95

Stock name	%	Sector weight	%
Terna S.p.A	N/A	Airports	8.0%
Red Electrica Corp. S.A.	N/A	Diversified	2.2%
Severn Trent PLC	N/A	Electric Utilities	9.8%
Electricite de France S.A.	N/A	Electric & Gas Dist	9.9%
Enbridge Inc.	N/A	Electric Generation	3.2%
		Electricity Transmission	7.7%
		Pipelines	26.0%
		Toll Roads	11.2%
		Water	8.9%
		Ports	5.0%
		Cash	6.0%
		Rail/other trans.	2.1%
		<b>Total</b>	<b>100%</b>

### Investment Objective

The Fund aims to outperform the Macquarie Global Infrastructure Total Return Index (\$A Hedged) (the Index) over the medium to long term, and to provide income with capital growth. The Fund hedges its foreign currency exposure to Australian dollars.

### Benchmark

Macquarie Global Infrastructure Total Return Index (\$A Hedged)

### Investment Category

Infrastructure

