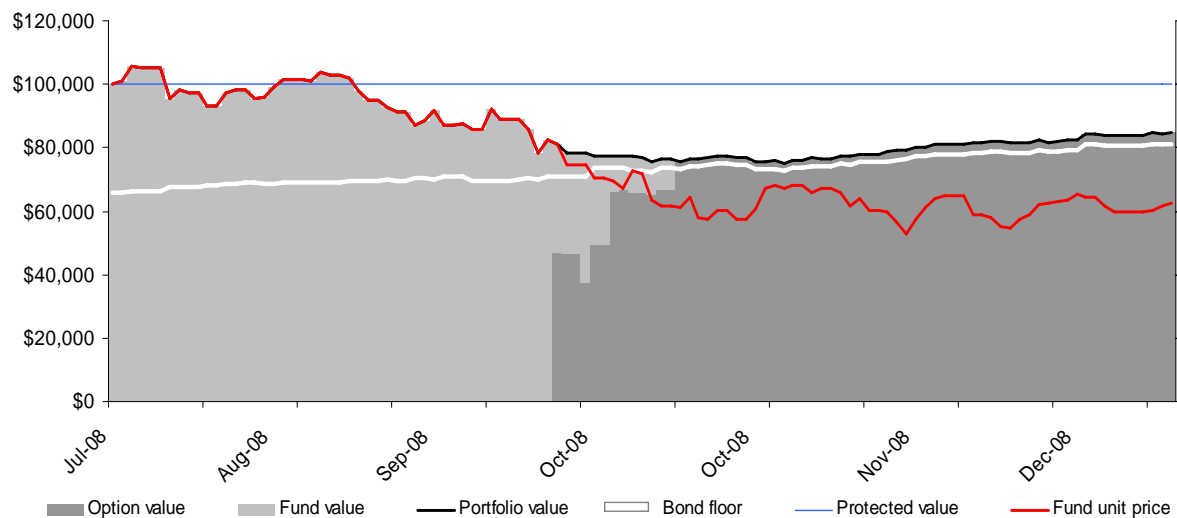




Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2008

Colonial First State Wholesale Global Resources Fund

Colonial First State Wholesale Global Resources 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 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	25 July 2008	Value as at 31/12/08 of \$1 invested	\$0.83
Protection end date	31 May 2015	Percentage allocation of Fund units	0%
Maturity date	31 May 2015		

Source: Perpetual

The following Fund Commentary, Market Review and Outlook relates to the quarterly period ending 30 June 2008. It has been provided by the Fund Manager who have given their consent for it to be published

Fund Commentary (returns in \$A)

The fund underperformed its benchmark by 3.7% in the six months ended December 2008. Key factors for this underperformance were overweight positions in Rio Tinto, Xstrata and Vale.

The fund was positioned for the BHP Billiton takeover offer for Rio Tinto to be successful. Following much due diligence on the proposal, we underestimated BHP's preparedness to walk away from the deal.

When BHP withdrew its bid for Rio Tinto, the market focussed on Rio's ability to refinance their maturing debt and the need to raise equity or accelerate asset sales.

Xstrata fell following strong speculation that Glencore, which owns 34% of Xstrata, was insolvent creating large selling of Xstrata. Vale, the large iron ore miner fell with the slump in iron ore prices and demand impacting on sentiment.



Base metals such as nickel and zinc as well as platinum have fallen significantly affecting Freeport (copper, gold), Century Aluminium and Aquarius Platinum. Several smaller companies hurt performance over the six months as falling commodity prices hit the smaller miners hard, including Kagara (zinc, copper), Albidon (nickel and platinum) and FNX Mining (copper, nickel, platinum).

The fund's energy and gold exposure helped performance. Positive contributions were made by Exxon Mobil, Queensland Gas, Eldorado Gold and Barrick Gold.

Market Review

Global resources had a volatile and weak second-half of 2008 driven by weakening global economic growth and falling commodity prices. The HSBC Global Mining Index fell 48.7% and the MSCI AC Energy Index fell 26.1%, both in Australian dollar terms.

Commodity prices also had a weak six-month period as demand slowed given weakening economic conditions, particularly in China. Rising inventory levels and the end of investor speculative demand saw commodity prices fall. Copper (-63.9%), platinum (-54.6%), tin (-54.4%) and aluminium (-50.6%) all fell sharply. Nickel (-46.7%), lead (-44.2%) and zinc (-37.5%) also fell.

The oil price also fell sharply as demand was weakened by the global economic slowdown. The oil price peaked in early July at \$US 145 per barrel and fell to \$US 31 before finishing the period at \$US 44 per barrel. The gold price ended the period down 5.2% although this hides the large

movements over the period. The gold price reached as high as \$US 974 an ounce and as low as \$US700 an ounce. It finished the period at \$US 875 an ounce.

Outlook

After a strong performance over several years, the mining sector has fallen heavily given the looming global recession. Contributing to the weakness has been difficulties in debt financing. This has led to some miners cancelling projects and some shutting down production. Smaller companies and high cost producers are most exposed to this downturn and some will see profits weaken given falling commodity prices.

Valuations have priced in a substantial slowdown in world economic growth and the consequent impact on commodity demand. We see value emerging but at the same time understand that it will require some time for the financial system to stabilize. We have always emphasized the need to invest in quality companies at the low end of the cost curve for precisely the reasons outlined above. Within our portfolio we have reduced exposure to smaller companies in the last 12 months, we monitor the balance sheet of companies and stress test their ability to meet their financing obligations at lower commodity prices. The portfolio is skewed towards large cap companies with strong balance sheets and cash generating abilities. We have added exposure to the oil sector focusing on the large integrated oil companies that are attractively priced, have low gearing, pay dividend and growth originating from politically stable countries.



Performance as at 31 December 2008

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-23.75	-45.99	-11.82	-1.71	9.53	13.17
Net	-23.97	-46.61	-12.83	-2.84	8.26	11.80
Benchmark	-20.99	-42.38	-8.8	2.42	11.86	10.62

Returns have been calculated using exit prices after taking into account all ongoing fees, and assuming reinvestment of distributions. No allowance has been made for entry fees, exit fees or where applicable taxation. Future returns may bear no relationship to the historical information displayed. The returns shown represent past returns only and are not indicative of future returns of a Fund. Returns on a Fund can be particularly volatile in the short term and in some periods may be negative.

Stock name	%	Sector weight	%
BHP Billiton Plc	11.11%	Oil & Gas	26.90%
Cia Vale Do Rio Doce – Spons ADR	8.72%	Chemicals	2.43%
Rio Tinto GBP	6.35%	Construction Materials	0.74%
Exxon Mobil Corporation	5.72%	Metals & Mining	62.22%
Goldcorp Incorporated	4.44%	Electrical Equipment	0.89%
Lihir Gold Limited	4.07%	Industrial Conglomerates	0.64%
Eldorado Gold Corporation	3.38%	Unclassified	3.66%
Barrick Gold Corporation	3.35%	Cash	2.51%
Petroleo Brasileiro SA - Class A ADR	3.29%	Total	99.99%
Legacy Energy Inc	2.84%		
Total	53.27%		

Investment Objective

To provide long-term capital growth by predominantly investing in resource companies from around the world.

Benchmark

75% HSBCGMAI and 25% MSCIAEWI-10

Investment Category

Global Share



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