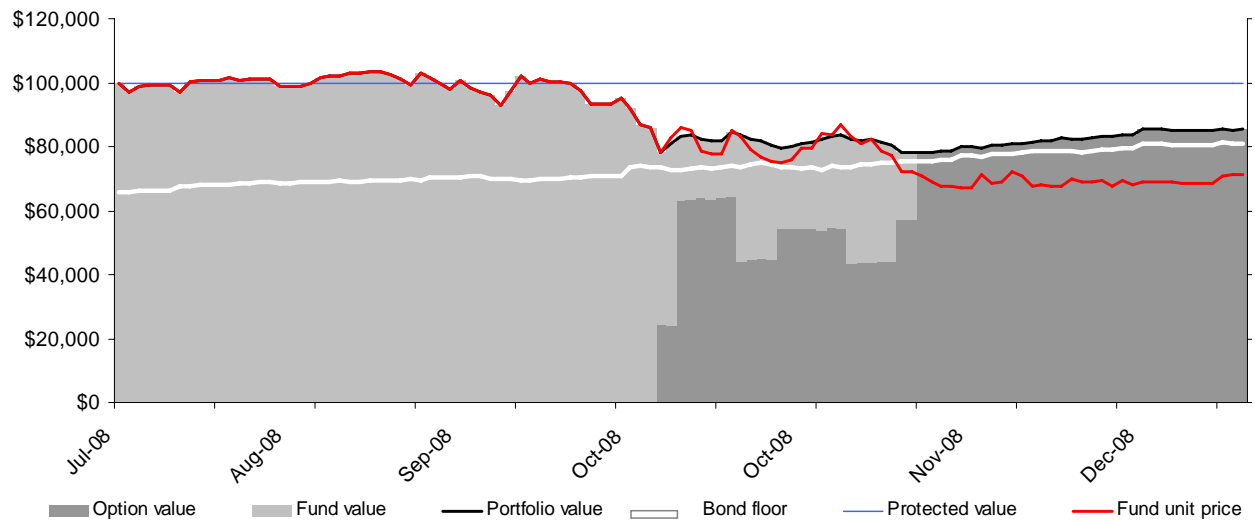




## Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2008

### Challenger Wholesale Australian Share Fund

Challenger Wholesale Australian Share 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	\$0.84
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

The Portfolio underperformed the S&P/ASX 300 Accumulation Index for the quarter. Key contributors to returns were overweight positions in QBE Insurance Group (down 2.60%) and Coca-Cola Amatil (up 11.39%) and an underweight position in Commonwealth Bank (down 32.19%). Detracting from returns were overweight positions in Rio Tinto (down 55.03%), Boart Longyear (down 82.14%), and Alumina (down 54.72%).

#### Market Review

The Australian share market ended down 18.48% (S&P/ASX 300 Accumulation Index) for the December quarter. Property and Consumer Discretionary substantially underperformed the market (down 34.30% and 25.28%). Healthcare, Telecommunications and Consumer Staples were key outperformers, down 5.50%, 8.90% and 11.81% respectively.



The December quarter was the 5<sup>th</sup> consecutive quarter of negative returns and 2008 was the single largest annual fall on record. A rapid slowing in global economic activity, contracting US employment figures, falling commodities prices and equity issuance to repair corporate balance sheets were all prominent themes during the quarter.

### Outlook

Many firms with earnings forecasts that tend to lag current economic conditions have not had the full impact of the year reflected in current earnings guidance; however, share prices in some instances have come to reflect the lower earnings outlook. Thus, we

expect that further downgrades will be announced going into 2009. Indicators from retailers will be a valuable yardstick to measure consumer sentiment. Low petrol prices, lower interest rates and the Federal Government's \$10.4 bn stimulus package should have a positive impact on consumer's spending habits, but it remains to be seen how much of this will be offset by rising unemployment, deteriorated credit markets and a slowing global economy. Markets, whilst cheap, will remain volatile until credit conditions ease and earnings expectations are rebased. We expect corporate issuance of equity to continue in the coming quarter.

### Performance as at 31 December 2008

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa
Gross	-21.59	-43.88	-20.35	-7.24	5.24	11.79
Net	-21.78	-44.41	-21.08	-8.07	4.24	10.29
Benchmark	-18.48	-38.92	-15.75	-4.03	6.72	8.51

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 (Top Five Active as at 30/11/08)	%	Sector weight	%
RIO Tinto Limited	3.20	Consumer Discretionary	4.28
Santos Ltd	3.06	Consumer Staples	12.32
Lion Nathan Limited	2.82	Energy	6.58
QBE Insurance Group	2.53	Financials	33.17
CSR Limited	2.42	Health Care	2.91
		Industrials	10.43
		Information Technology	0
		Materials	20.38
		Real Estate Investment Trusts	0
		Telecommunication Services	6.66
		Utilities	0
		Derivatives	2.21
		Cash	1.07



### **Investment Objective**

The Fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling three- year periods.

### **Benchmark**

S&P/ASX300 Accumulation Index

### **Investment Category**

Australian Share



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