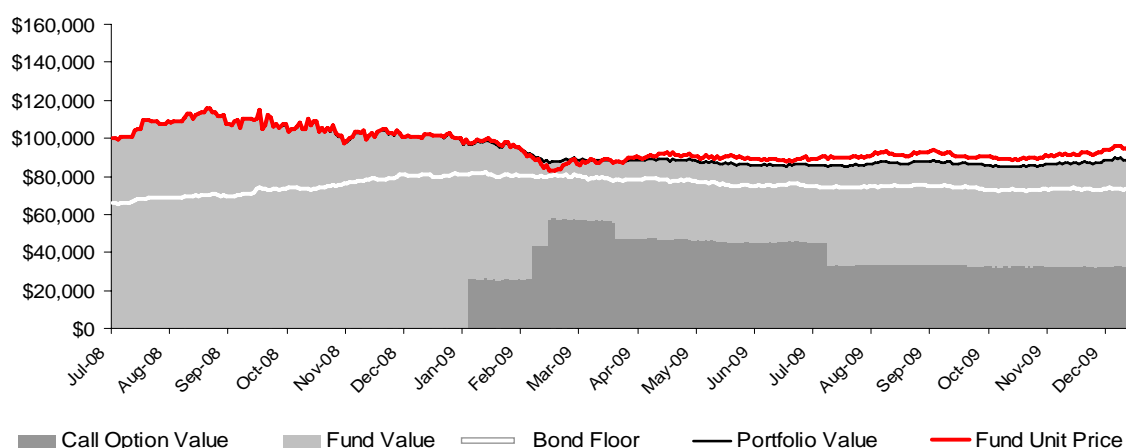


Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2009

Perpetual Wholesale International Share Fund

Perpetual Wholesale International 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 2009. Your portfolio value is calculated as the sum of fund units, call options and cash at any given point in time. The graph does not represent a direct investment into the Perpetual Wholesale international Share Fund
Source: Perpetual

At a Glance

Investment date	19 July 2007	Value as at 31/12/09 of \$1 invested	\$0.90
Protection end date	31 May 2014	Percentage allocation of Fund units	67.76%
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 3.

Fund Commentary

The global equity of the fund continues to focus on quality stocks. These include companies such as Nestle and Emerson which offer investors resilient earnings and profitability, emerging market exposure,

and attractive valuation. We also have holdings in quality integrated energy companies with strong production profiles such as Total and ENI. An important defensive characteristic, particularly after last year's financial crisis, is balance sheet strength. In particular pharmaceuticals

and consumer staples such as Johnson & Johnson and Nestle exhibit healthy balance sheets and are key holdings in the international portion of the fund.

Market Review

Global equity markets staged a powerful rally on better than expected economic data and a stronger than expected US reporting season. Of particular relevance was stronger than expected US job data. This combined with a rise in US retail sales, a narrowing of the trade deficit and an increase in housing starts provides an indication that the US economy is continuing to stabilise. Against this positive backdrop the VIX index, which gives a forward measure of volatility, continued to decline and the US S&P 500 Acc. Index rallied more than 20%. Key global sector themes during the quarter were the outperformance of cyclical sectors, particularly materials and IT. The Australian dollar rose against most major currencies, on rising commodity prices, the improving economic outlook and interest rate increases.

Performance as at 31 December 2009

	3 months (%)	1 year (%)	2 years (%) pa	3 years (%) pa	5 years (%) pa	Inception (%) pa*
Gross	2.9	-4.9	-9.0	-8.0	N/A	0.0
Net	2.6	-6.0	-10.2	-9.1	N/A	-1.2
Benchmark	2.1	-0.3	-13.5	-10.0	N/A	-0.9

Stock name	%
Nestle	4.1
Johnson & Johnson	4.0
Total	3.7
Wal-Mart Stores	3.4
Novartis	3.4
Philip Morris International	3.1
Emerson Electric	2.4
Canon	2.3
General Dynamics Corp	2.3
Hewlett-Packard	2.2
Total	30.9

Outlook

As 2009 ended we highlighted potential for the phenomenon of low quality out-performance and 'beta' investment giving way to 'alpha' driven performance. This view centred on a belief that there existed significant risk to 2010 earnings estimates for low quality stocks, in contrast to quality stocks, whose estimates seem much more achievable. We still hold this view.

While emerging markets may continue to deliver above-average GDP growth compared to developed countries we believe that exposure to large cap multi nationals with strong emerging market presence is a more sensible investment strategy. The significant advantage of buying global mega-caps versus local competitors is that they are unlikely to suffer as much from rate tightening concerns and / or the rising risk premium that may accompany this. In other words, stocks such as Johnson & Johnson, Roche, Emerson and Hewlett Packard, give investors earnings upside potential without the same valuation downside.

Sector weight	%
Consumer Staples	20
Health Care	17.2
Information Technology	15.3
Industrials	12.5
Financials	11.4
Consumer Discretionary	10.2
Energy	6.1
Telecommunication Services	2.1
Materials	0.8
Total	95.6

**Investment Objective**

To provide long term capital growth through investment in international shares and other securities.

Benchmark

MSCI World Ex Australia Accumulation Index

Investment Category

International Shares

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