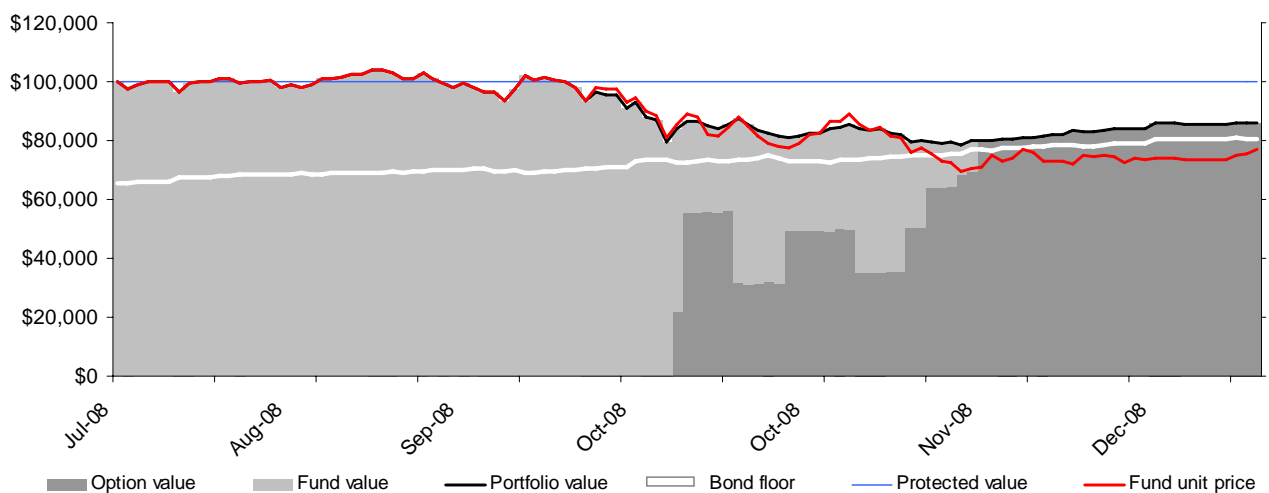




Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2008

Vanguard Australian Share Index Fund

Vanguard Australian Share Index 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 | 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 information has been provided by the fund manager who have given their consent for it to be published.

Fund Commentary

The Fund had a quarter-end value of \$2,882.9 million and held 280 of the 296 securities in the Index.

The Fund's gross return for the quarter was -18.19%, 0.29% above the index return of -18.48%. There were no sectors within the S&P/ASX 300 that provided a positive contribution to returns during the December quarter. The top three sectors detracting from performance during the period were Property Trusts, Consumer Discretionary, and Industrials sectors. Over the last twelve months, the Fund's

gross return was -38.57%, 0.35% above the index return of -38.92%.

For the three years ended December 2008 the average gross return of the Fund was -3.83% pa, 0.20% pa above the index return of -4.03% pa. Over the five year period to December 2008 the Fund's gross return was 6.91% pa, 0.19% pa above the Index return of 6.72% pa.

Market Review

The Australian sharemarket experienced its fifth consecutive negative quarter, down another 18.5%. On the back of deepening concerns about the domestic and global



economic prospects, the Resources sector was down 18.8% and Industrials were down 18.3% over the quarter.

As generally expected in a down market, smaller companies continued to do worse than their larger peers, down 29.2% and 17.3% respectively. Among the worst performing companies over the quarter were OZ Minerals (formed by the merger

of Oxiana and Zinifex, which was down 65.7%), Fortescue Metals (down 58.6%) and Rio Tinto (down 55.0%).

Outlook

This Fund will continue to operate to capture the return of the index before fees and expenses.

Performance

As at 31 December 2008

| | 3 months (%) | 1 year (%) | 2 years (%) pa | 3 years (%) pa | 5 years (%) pa | Inception (%) pa |
|-----------|--------------|------------|----------------|----------------|----------------|------------------|
| Gross | -18.19 | -38.57 | -15.48 | -3.83 | 6.91 | 7.01 |
| Net | -18.27 | -38.79 | -15.77 | -4.16 | 6.55 | 6.65 |
| Benchmark | -18.48 | -38.92 | -15.75 | -4.03 | 6.72 | 6.81 |

| Stock name | % | Sector weight | % |
|-------------------------|------|----------------------------|------|
| BHP Billiton | 12.8 | Energy | 7.6 |
| Westpac Bank | 6.1 | Materials | 22.9 |
| Telstra | 5.1 | Industrials | 6.8 |
| Commonwealth Bank | 5.1 | Consumer Discretionary | 3.9 |
| National Australia Bank | 4.9 | Consumer Staples | 9.3 |
| Woolworths | 4.1 | Healthcare | 4.6 |
| ANZ Bank | 3.9 | Financials ex-Property | 30.6 |
| QBE Insurance Group | 3.2 | Property Trusts | 6.3 |
| Westfield Group | 2.8 | Information Technology | 0.6 |
| CSL | 2.6 | Telecommunication Services | 5.7 |
| | | Utilities | 1.7 |

**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

Australian Shares



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