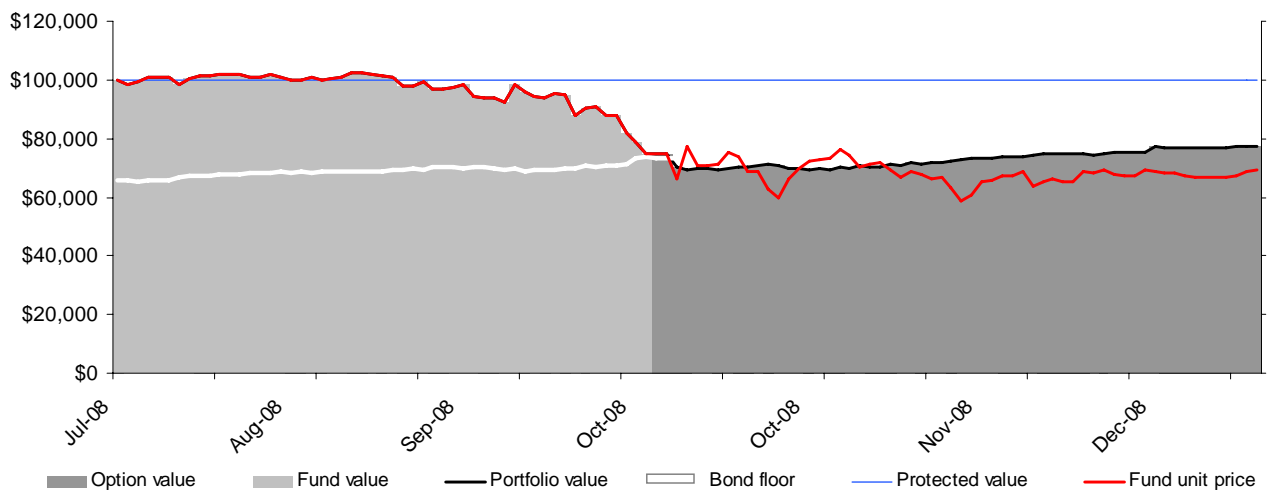




Perpetual Protected Investments – Series 3 Half-yearly performance summary as at 31 December 2008

Vanguard International Shares Index Fund (Hedged)

Vanguard International Share Index 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	\$0.76
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 \$3,674.8 million and held 1,380 of the 1,617 securities, spread across 22 developed markets, in the Index.

The Fund's gross return for the quarter was -11.18%, 0.15% above the Index return of -11.33%. The top three sector contributors to performance for the period were Telecommunication Services, Utilities, and Health Care. The top three detractors from

performance were Financials, Information Technology and Energy sectors. Over the last twelve months, the Fund's gross return was -24.43%, 0.49% above the Index return of -24.92%.

For the three years ended December 2008, the average gross return of the Fund was -6.19% pa, 0.39% pa above the Index return of -6.58% pa. Over the five year period to December 2008 the Fund's



gross return was 1.32% pa, 0.39% pa above the Index return of 0.93% pa.

The Fund's shorter term underperformance is largely attributable to the substantially increased costs of managing the currency hedging that market participants are now experiencing.

Market Review

In local currency terms, the US sharemarket was down 22.4% over the quarter, Europe (ex-UK) was down 20.6% and Japan was down 22.3%. The UK did better, but was still down 8.7%.

Outlook

This Fund will continue to focus on capturing 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	-23.27	-39.26	-19.73	-8.76	0.83	-2.69
Net	-23.35	-39.49	-20.03	-9.10	0.47	-3.04
Benchmark	-22.84	-39.11	-19.67	-8.81	0.72	-2.67

Stock name	%	Sector weight	%
Exxon Mobil	2.6	North America	55.3
Royal Dutch Shell	1.6	Europe ex-UK	21.8
General Electric Co	1.1	Japan	12.0
Johnson & Johnson	1.1	UK	9.5
AT & T	1.0	Pacific ex-Japan	1.4
Proctor & Gamble	1.0	Other	0
Microsoft	1.0		
Chevron Corp	0.9		
BP PLC	0.9		
Nestle	0.9		

Investment Objective

Aims to match the returns of the MCSI World ex-Australia Index (with net Dividends Reinvested), hedged to \$A before taking into account Fund expenses

Benchmark

MCSI World ex-Australia Index

Investment Category

Global Equity

