



Perpetual Protected Investments

Perpetual Protected Investments – Series 2a Half-yearly performance summary as at 31 December 2009

Ausbil Australian Emerging Leaders Fund

At a Glance

| | | | |
|---------------------|------------------|---|--------|
| Investment date | 21 December 2007 | Value as at 31/12/09 of \$1.15 invested | \$1.00 |
| Protection end date | 31 May 2014 | Percentage allocation of Fund units | 84.62% |
| 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 2a.

Fund Commentary

In the six months to December the Portfolio benefited from positions in the Energy, Consumer Staples, Industrials and Healthcare sectors. Conversely, positions in the REITs, Financials ex REITs and Materials sectors detracted from performance.

At a stock level, overweight positions in Flight Centre, REA Group, Seek, and Tatts Group were the largest contributors to relative performance. Nil holdings in Caltex Australia also added value to relative performance. Detractors to the Portfolio over the six months included positions in Mirabela Nickel, Goodman Group, Resmed and CSR.

Market Review

The Australian equity market reported a 3.7% rise in December, bringing the total return for the calendar year to +37.6%. M&A activity remained a key focus for investors during December after NAB announced a surprise bid for AXA - exceeding an increased (and final) offer from AMP. Telstra, meanwhile, downgraded its FY10 revenue guidance

and announced the formalisation of its terms of engagement on the NBN with the Government. Stocks with USD earnings began to outperform as many investors reduced underweight USD denominated earnings exposures in anticipation of an eventual recovery in the US dollar.

Outlook

The emerging leader market segment should continue to perform well following on from a strong 09 close. This portion of the market should also see further activity on the IPO front and may also even see further remnant recapitalisation measures. Some of these measures may in fact be ultimately directed towards corporate activity rather than balance sheet rescue as mid/small cap companies turn towards the micro cap and private company space for non-organic growth options. Our expectation is for earnings to be upgraded for the broader market and this small/mid cap sub-segment over the next 6 months. On that basis we believe that the market remains reasonable value and should deliver solid total returns over that period.

Performance as at 31 December 2009

| | 3 months (%) | 1 year (%) | 2 years (%) pa | 3 years (%) pa | 5 years (%) pa | Inception (%) pa |
|-----------|--------------|------------|----------------|----------------|----------------|------------------|
| Gross | 5.23 | 47.38 | -5.55 | 1.36 | 11.62 | 17.27 |
| Net | 4.88 | 45.26 | -7.32 | -0.12 | 10.08 | 15.51 |
| Benchmark | 3.22 | 42.28 | -14.04 | -4.70 | 6.30 | 11.43 |

| Stock name | % |
|-------------------------|--------------|
| Mirvac Group | 4.21 |
| Harvey Norman | 3.79 |
| James Hardie Industries | 3.75 |
| Asciano Group | 3.71 |
| Alumina Limited | 3.70 |
| David Jones Limited | 3.58 |
| Bank of Queensland | 3.52 |
| Seek Limited | 3.24 |
| Mirabela Nickel Limited | 3.23 |
| Oz Minerals Limited | 3.02 |
| Total | 35.76 |

| Sector weight | % |
|------------------------|------------|
| Materials | 28.77 |
| Consumer Discretionary | 28.26 |
| Industrials | 22.2 |
| LPTs | 8.66 |
| Financials (x LPT) | 6.51 |
| Energy | 2.49 |
| Cash | 1.29 |
| Consumer Staples | 0.97 |
| Telecommunication | 0.85 |
| Total | 100 |

Investment Objective

The aim of the Fund is to outperform the benchmark over the medium to long term. The Fund invests in a portfolio of listed Australian equities that are primarily chosen from the S&P/ASX 300 Index, but generally exclude securities from the S&P/ASX 50 Leaders Index.

Benchmark

Composite benchmark (70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index).

Investment Category

Australian Equities

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