

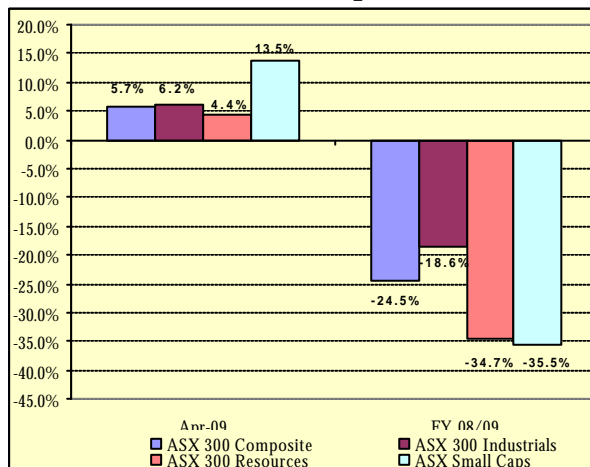
Market Overview

Economic data indicating that a turning point in the global economy has been reached was released in April. The strongest sign of an improvement was reported from Asia where estimates of quarterly growth in China picked up in the March quarter, with further recovery expected in the June quarter. Financial markets recorded substantial gains through April where major equity markets rallied by over 30% from a low point in early March. Market volatility, as measured by the VIX Index, reached its lowest point since September 2008 while interbank and corporate bond spreads continued to narrow.

The Prime Minister, Kevin Rudd, and Reserve Bank of Australia Governor, Glenn Stevens, conceded that Australia was in a recession a few days prior to the International Monetary Fund announcing that it expects the domestic economy to contract by 1.4% in 2009. Other notable economic indicators announced during April include a reduction in retail sales by 2.0%, unemployment increasing to 5.7%, building approvals increasing by 7.8% and the consumer confidence index improving to 92.7, the highest level since February 2008.

The Reserve Bank of Australia (RBA) elected to cut interest rates by 0.25% to 3.0% in April while US Federal Reserve and the Bank of England continued their quantitative easing efforts. The European Central Bank is also considering such a policy. It cut rates by 0.25% in April and, more recently, by a further 0.25% in May to 1.0%.

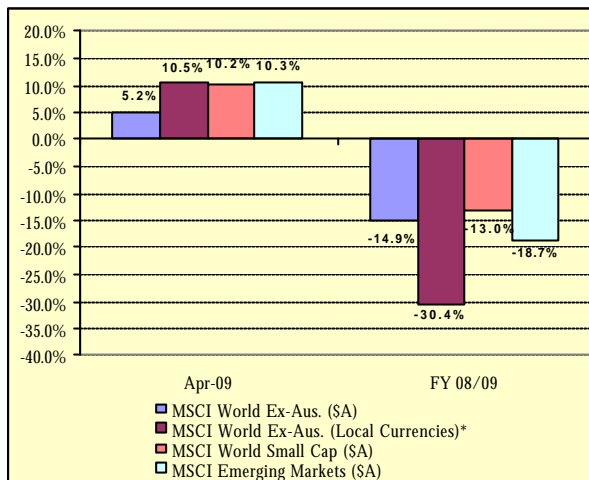
Australian Equities



The Australian share market continued its rebound closing at its highest point in more than five months as sentiment towards equities continued to improve. During the month, investors were faced with numerous deeply discounted equity issues as well as an increase in merger and acquisition activity. The S&P/ASX 300 Accumulation Index rose by 5.7% over the month, as investors continued to absorb poor news flow and profit warnings. The Small Caps sector outperformed the larger end of the market as investors targeted stocks with leverage to the economy.

The Consumer Discretionary (+12.0%), Consumer Staples (+11.9%) and Industrials (+8.2%) sectors were the best performing sectors. The Financials ex Property Trusts (+3.7%) and Telecommunications Services (+4.5%) were the poorest performing sectors despite recording positive returns.

International Equities (SA)

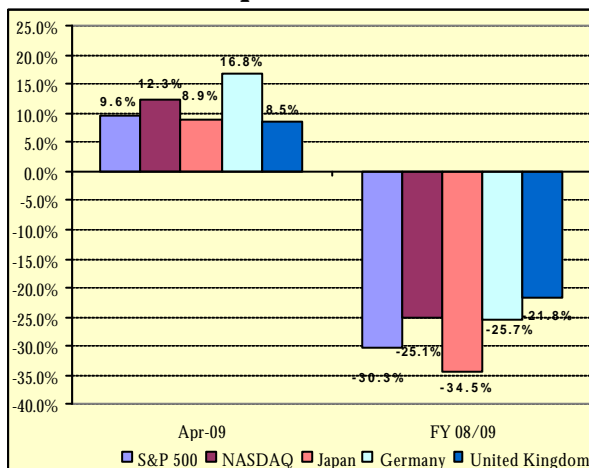


* MSCI World Ex-Aus. Local Currencies Index used as a representative for the Hedged Index

International equity markets continued their recovery in April following the release of data indicating that the pace of decline in various economic indicators was slowing. The MSCI World (ex-Australia) Accumulation Index returned +10.5% in local currencies and +5.2% in unhedged Australian dollar terms due to an appreciating Australian dollar.

US sharemarkets rose during the month taking heart from strong first quarter profits for some US banks and economic data pointing to an improving global economic recovery, the so-called 'green shoots'. The S&P 500 rose 9.6% for the month, its strongest monthly gain since October 2002. European markets also moved higher, with Germany and the United Kingdom returning +16.8% and +8.5% respectively.

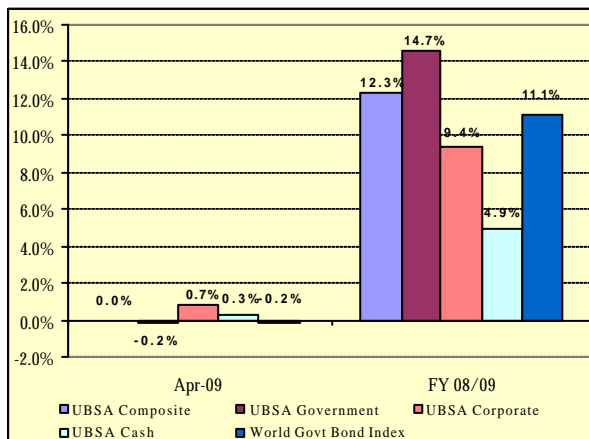
International Equities (Local Currencies)



Asian markets also recorded significant gains although slightly behind their US and some European counterparts. The Japanese index increased 8.9%, while Singapore and Hong Kong were up 13.3% and 14.3% respectively. The Chinese sharemarket rose 0.9% after strong gains in March 2009.

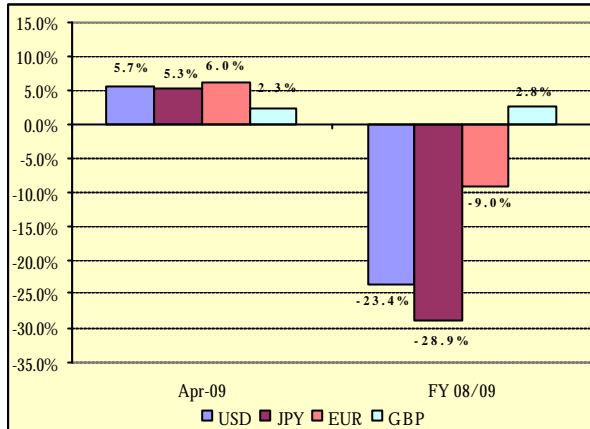
Emerging markets continued their strong rebound in April, with the MSCI Emerging Markets index up a further 10.3% in Australian dollar terms with shares in Eastern Europe performing better than those in Latin America and Asia.

Fixed Income



Australian bond yields were mixed in April as expectations of a low domestic cash rate countered the influence of a sizeable rally in the benchmark US bond market. The yield on Australian ten year bonds ended the month up 0.17% to 4.58% influenced by ongoing concerns about an increase in the supply of bonds to fund the Government's fiscal stimulus and despite the Reserve Bank of Australia's decision to lower interest rate by 0.25% during the month. Australia's three year bond yield opened at 3.40% and closed higher at 3.45%. Additionally, the spread between Australian and US ten-year bond yields narrowed in April. In contrast, the three month bank bill rate opened at 3.14% and closed slightly lower at 3.08%.

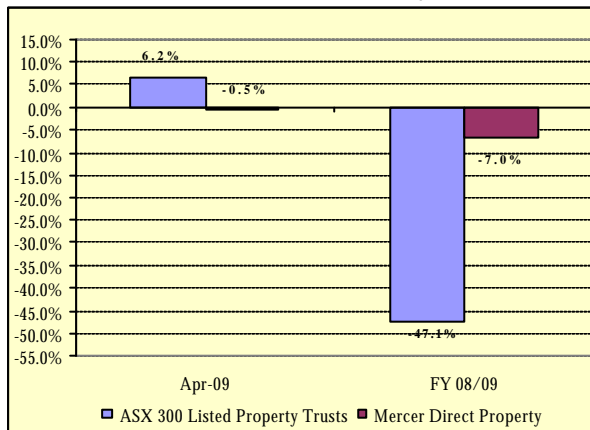
Australian Dollar against



Global bond yields generally improved over the month in response to tentative signs of stabilisation in economic data. The US ten year bond yield increased by 0.46% to 3.12%. Japan's ten year bond yield gained 0.08% to close the month at 1.43%. In Europe, Germany's ten year bond yield increased by 0.19% to 3.18%, while the UK ten year bond yield also increased, gaining 0.37% to close at 3.50%.

The Australian dollar (A\$) was stronger in April against the major currencies, closing 5.7% up against the US dollar at 72.65 US cents, and 5.3% higher against the Japanese Yen at JPY 70.7. The trade-weighted index (TWI) closed the month at 59.7 (up 4.0% from 57.4).

Australian Property



The Australian Real Estate Investment Trusts (A-REITs) market, as measured by the S&P/ASX 300 Property Trust Accumulation Index, performed broadly in line with the broader Australian equity market returning 6.2% for the month. Higher beta stocks generally performed better than the defensive names. The pace of capital raisings slowed in April although some of the larger names have turned to the market to raise extra capital in May. The remainder of 2009 is expected to be challenging for the sector as it faces declining property values, rising vacancy rates and financing issues. A number of A-REITs are expected to cut distributions in the coming months in an effort to protect against the challenging market conditions ahead.

The return for the unlisted property sector, as measured by the Mercer Unlisted Property Index, fell 0.5% for the month. The domestic property market continues to be hampered by falling levels of tenant demand and increasing vacancy rates, plus a severe shortage of debt and equity availability to complete transactions, forcing capitalisation rates and discount rates to expand across all sub-sectors as assets are revalued.