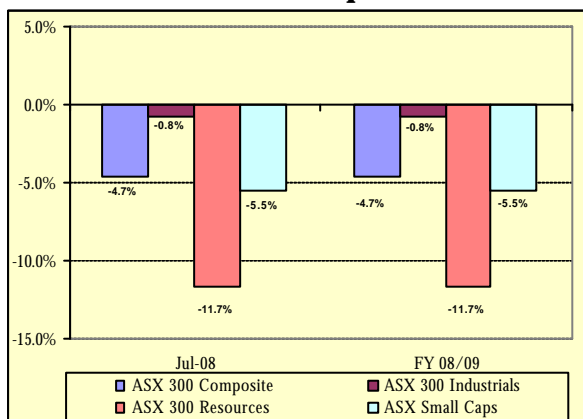


Market Overview

Global share markets experienced mixed performance for July, with share markets in the US and Europe closing slightly higher and share markets in the UK and Japan falling. This mixed performance was due to a deteriorating world economic outlook, with problems in the global credit markets continuing, however there was a significant fall in the crude oil price which helped to moderate this.

The Australian share market had a volatile month closing lower in July following declines in the Resources and Financial sectors. The world economic outlook also contributed. With increasing evidence of a slowing labour market and continuing difficulties in international financial markets, the RBA left interest rates on hold following its August meeting. However, inflation still remains a concern given the latest Consumer Price Index (CPI) figures are currently above the RBA's target zone.

Australian Equities

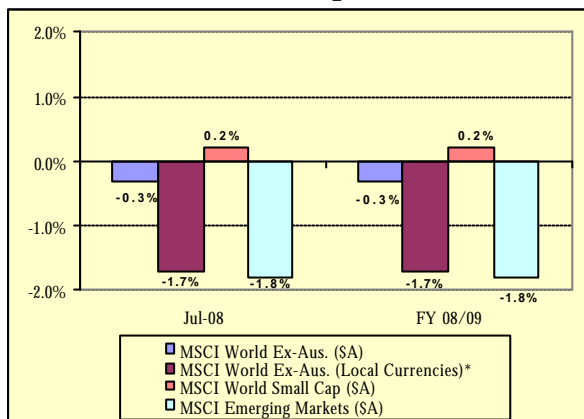


The return on Australian shares was negative for the month of July, with the S&P/ASX 300 Accumulation Index falling 4.7%. The Resources sector lost significantly more ground than Industrials, breaking the trend in 2007/08, where Resources significantly outperformed Industrials. Concern over weakness of developed economies as well as decreases in growth in emerging economies is threatening to affect the demand side of commodities, which was reflected in base metals during the month.

The Energy, Materials and the Financials sectors were the greatest detractors from performance for the month. The major contributors to poor performance in the Energy sector included Santos and Woodside Petroleum. Detractors in the Materials sector included BHP Billiton, Fortescue Metals and Rio Tinto. The major contributors to poor performance in the Banks sector included ANZ Banking Group and National Australia Bank.

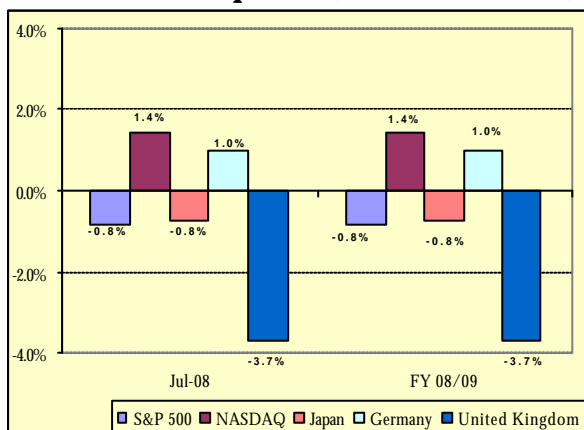
The major positive contributors for the month included the Industrials and Telecommunication Services. The major stock contributors included Macquarie Airports, Transurban Group and Telstra. Asciano Group also performed strongly, following a takeover announcement from TPCG Capital.

International Equities (SA)

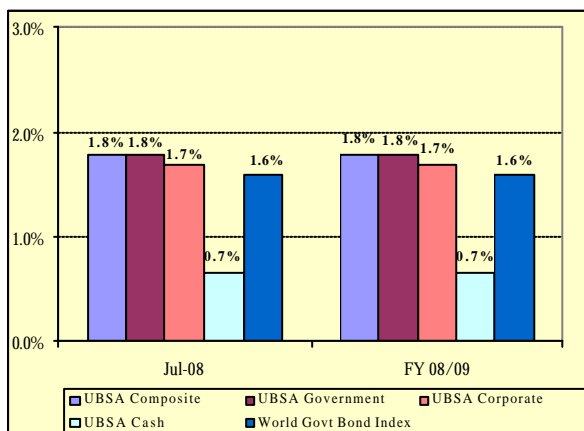


* MSCI World Ex-Aus. Local Currencies Index used as a representative for the Hedged Index

International Equities (Local Currencies)



Fixed Income



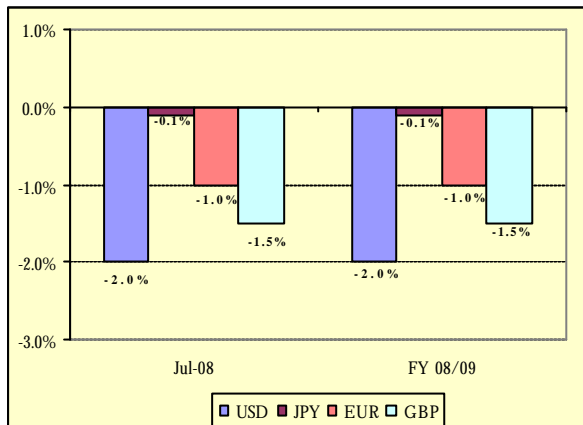
Global markets were mixed for the month. The US Federal Reserve admitted that growth and inflation risks had actually increased. Equities in the US, after falling at the start of the month, rallied due to the fall in the oil price and a rebound in the Financials sector. Share markets in Europe also rose, while markets in the UK and Japan fell.

The MSCI Emerging Markets Index (in Australian dollars) fell by more than developed markets due largely to its higher exposure to commodities. Stocks in Asia rose slightly, whilst Latin America and Eastern Europe fell substantially.

Australian bond prices rose in July, the fifth consecutive monthly rise, due to signs that the Australian economy was slowing, which initiated speculation that the RBA would cut interest rates in the near future. The yield curve began the month inverted but normalised during the month, with ten-year bonds now trading 0.04% higher than three-year bonds. Yields fell during the month with three-year and ten-year yields falling by 0.54% and 0.23% respectively. As a result, the UBSA Composite Index delivered a very strong monthly return of 1.8%

Following increasing evidence of a slowing global economy and a falling oil price, which helped ease inflationary fears, global bond prices rose during the month. The US ten-year Treasury yield fell by 0.02% with Euro bond yields and the UK ten-year Gilt yield falling by 0.27% and 0.32% respectively. The ten-year Japanese government bond yield also fell by 0.06% for the month.

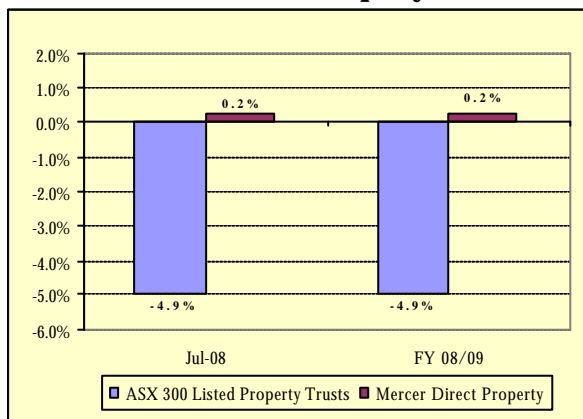
Australian Dollar against



The Australian dollar early in the month strengthened against the Japanese yen and US dollar before declining at the end of the month. The Australian dollar also weakened against the British pound and the Euro. The downward movement in the Australian dollar was partly driven by a change in sentiment on the US dollar as well as a fall in the price of oil and commodities. The Australian dollar closed July at US\$0.9473 cents.

The Australian Real Estate Investment Trusts (A-RETIS) market declined for a third consecutive month following numerous trusts cutting their earnings forecasts and the emerging signs of a slowing Australian economy. The S&P/ASX 300 Property Trusts Accumulation Index returned -4.9% for the month following the release of weaker consumer confidence and business confidence data in July and retail sales falling in June. The biggest detractors from the Index were GPT Group after it downgraded its earnings guidance and Stockland, which returned -31.5% and -14.1% respectively.

Australian Property



The unlisted property sector, as measured by the Mercer Unlisted Property Index, returned 0.2% for the month of July.