

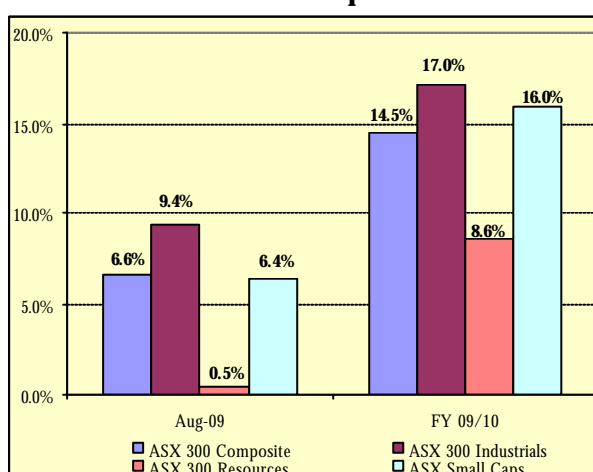
Market Overview

Global share markets extended their gains in August, supported by continued evidence of a global economic rebound and improving prospects for corporate earnings. While developments during the month continued to provide evidence of economic stabilisation, steps by the Chinese authorities to curb lending and investment sparked a sell-off in the Chinese share market and added to the volatility in global markets during the month.

Australia's economic recovery took further hold over August, with better than expected employment data, as the unemployment rate remained unchanged at 5.8%. Consumer sentiment rose to levels not seen since late 2007 and continues to show that households are generally optimistic.

The Reserve Bank of Australia (RBA) left official interest rates on hold in August at 3.0%. In leaving interest rates on hold, the RBA noted improving confidence levels, evidence that the global economy was stabilising and better conditions in financial markets. In other dialogue over the month, the RBA indicated it was moving towards a tightening bias (and therefore likely to raise official interest rates), suggesting inflation was unlikely to be persistently below its target.

Australian Equities

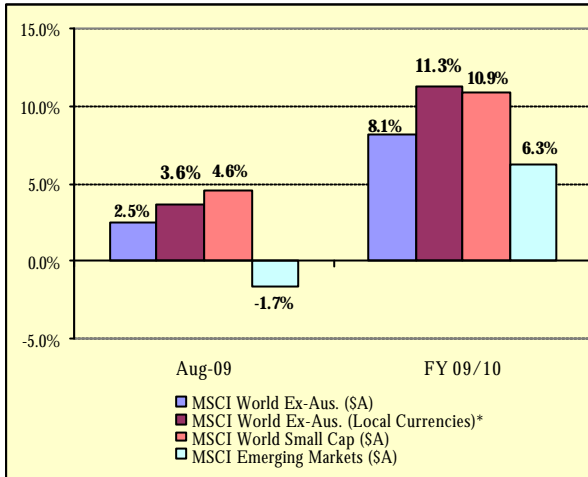


The Australian share market rose for the sixth consecutive month in August, with the S&P/ASX 300 Accumulation Index rising by 6.6%. Since reaching its low on 6 March 2009, the S&P/ASX 300 Accumulation Index has risen by 45.7% to 31 August 2009.

Profit reporting season made the biggest headlines in the domestic share market in August. On the whole, profits were better than market estimations with few disappointments, although net profits were still down around 17% from a year earlier. Overall, companies have reduced costs to support profits in the face of weak revenue growth. Companies continued to find it easier to raise capital from the share market. Over A\$5 billion was raised in August with the largest raisings from Telstra, Seek, ConnectEast Group, Boart Longyear, Mirvac Group, Transpacific Industries and Ten Network.

The continued improvement in market sentiment meant those sectors that had been most unloved during the downturn again outperformed in August. Strongest were the Real Estate Investment Trusts (REITs) (+16.0%), Financials (+13.3%) and Industrials (+11.7%). The weaker sectors in the Australian market included defensive sectors, with Telecoms (-3.6%) and Utilities (-3.3%) lagging the market recovery.

International Equities (SA)



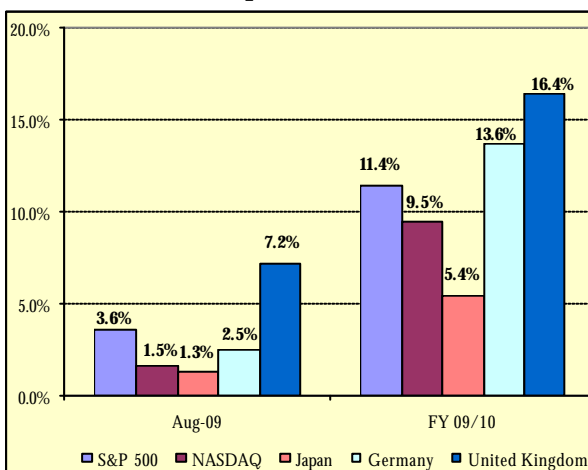
* MSCI World Ex-Aus. Local Currencies Index used as a representative for the Hedged Index

The major developed share markets ended the month higher. The MSCI World ex-Australia (total return) Index rose 3.6% in local currency terms and 2.5% in unhedged Australian dollar terms.

Following on from an improved profit reporting season in the US, the Financials sector was the strongest performer over August. Balance sheets are slowly improving and this should also help the global economic recovery over time.

European markets also posted solid gains in August as economic data showed some improvement, particularly in the larger economies of Germany and France. In the June quarter, both of these economies recorded positive quarterly GDP growth for the first time since the March quarter of 2008.

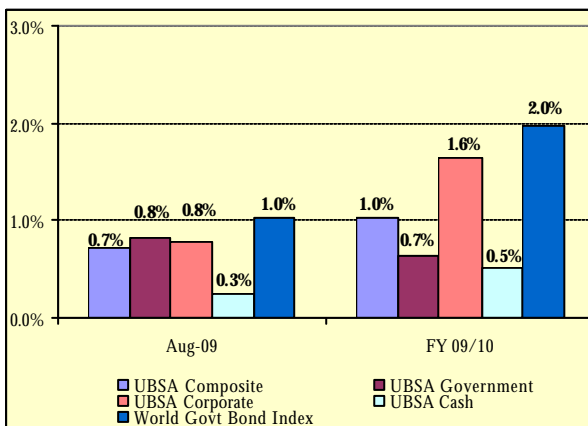
International Equities (Local Currencies)



Asian markets were mixed over the month with concerns centering on possible monetary and fiscal policy tightening in China. The Chinese share market fell 15.4% but is up 22.9% from a year earlier and 115% from its low in late October 2008. In Japan, the Nikkei Index rose 1.2%, following the election of a new government.

Emerging markets were weaker in August, led lower by the falls in the Chinese share market. The MSCI Emerging Markets Index was down 1.7% in Australian dollar terms. However, eastern European markets continued to enjoy some of the strongest gains as concerns over the region's banking system eased further. The performance of some emerging markets highlights the increased appetite for risk amongst many global investors.

Fixed Income

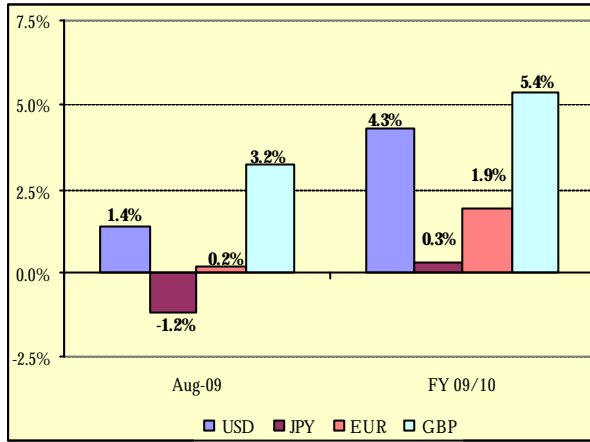


Despite the buoyant economic and share market news, the yield on the Australian ten-year bond fell by 0.19% to 5.43%, whereas the three-year bond yield rose 0.13% to 4.96%. The three-month bank bill rate opened at 2.95% and closed the month 0.30% higher at 3.25%, as the market factored in an imminent increase in the official cash rate.

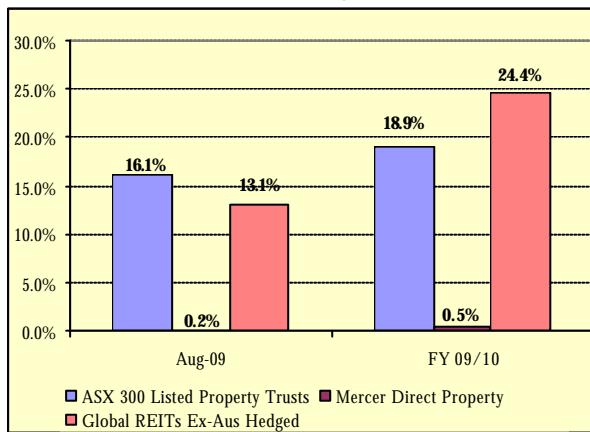
Global bonds gained in August despite generally stronger economic data and buoyant share markets. The US ten-year bond yield fell 0.08%



Australian Dollar against



Property



to 3.40%, and Japan's ten-year bond yield also fell 0.11% to close August at 1.31%. In the European region, Germany's ten-year bond yield fell 0.04% to 3.26%. The UK ten-year bond yield was also down by 0.24% to close the month at 3.56%. Despite continued new supply of government bonds, these auctions continued to be met with solid demand.

The Australian dollar (A\$) pushed slightly higher again in August, rising 1.4% against the US dollar (US\$) and other currencies of Australia's major trading partners, but falling 1.2% against the Japanese yen (JPY). The A\$ closed the month at 84.4 US cents and JPY 78.4.

The listed property sector rose for the fourth consecutive month in August, recording a sharp 16.1% gain. The sector has undertaken a large work-out program over the past 12 months, raising capital and setting more realistic earnings expectations. The sector is also trading on a high yield, which has started to prove attractive to investors with an improving domestic economy.

Global listed property markets also moved higher in August. With the exception of Hong Kong and China, all major markets recorded positive returns. The strongest performances were in the UK and France. The UBS Global Real Estate Investors hedged ex Australia Index in A\$ rose 13.1%.

The preliminary return for the domestic unlisted property sector, as measured by the Mercer Unlisted Property Index, rose 0.2% for the month, based mainly on the income return, with very few revaluations in August.