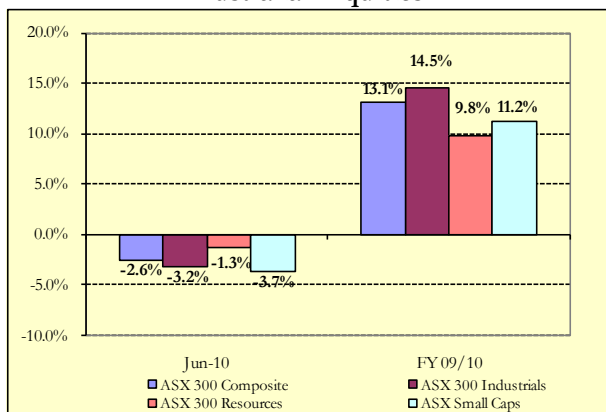


Market Overview

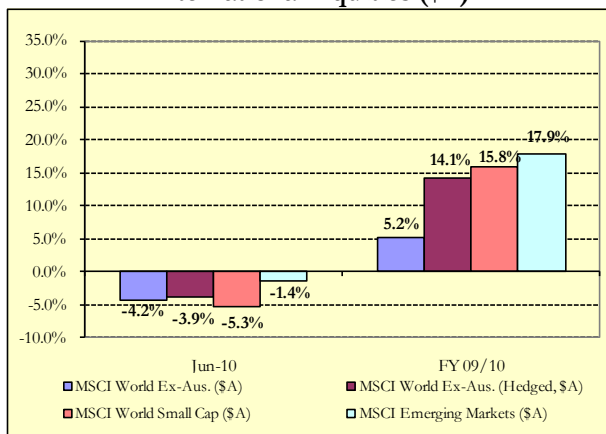
After a positive start to 2010 and relative optimism about the global economic recovery, pessimism and concerns over a ‘double-dip’ recession overtook sentiment in the last months of the financial year. In response to the enactment of a €750 billion support facility by the European Union (EU) and International Monetary Fund (IMF), markets generally rallied during the first half of June as sentiment improved. However, the second half saw the introduction of austerity measures across Europe as well as mixed data from the US and China, increasing uncertainty regarding growth forecast, putting downward pressure on prices. At the G20 Summit, advanced nations committed to reducing government budget deficit levels in half by 2013 and stabilise or reduce government debt levels by 2016. In June the US unemployment rate dropped to its lowest level since July 2009, however private payroll numbers were disappointing with just 41,000 jobs added versus the expected 180,000. Over the month of May, US housing starts fell considerably, largely due to the expiry of the first home buyer’s tax credit in April. In more positive news, the US industrial production continues to rebound, rising by 1.2% month-on-month (mom) in May. In Australia, the main piece of economic data released during the month was the March 2010 quarter gross domestic product (GDP), with the Australian economy recording growth of 0.5%, with annual growth holding steady at 2.7%. The Reserve Bank of Australia (RBA) kept the cash rate on hold at 4.5% at the June and July meetings. Importantly, at the start of July the Australian Government finalised a deal with the mining industry on the Resources Super Profits Tax (RSPT), renaming it the Minerals Resource Rent Tax.

Australian Equities



June saw Australian shares post their third consecutive monthly decline, with the S&P/ASX 300 Accumulation Index returning -2.6% for the month. Telecommunications (9.2%) and Utilities (1.9%) sectors were the relatively good performers, whilst the Consumer Discretionary (-5.1%) and Financials (-4.7%) sectors being the worst performing sectors. The Energy and Materials sector had improved performance relative to May which was impacted by the RSPT.

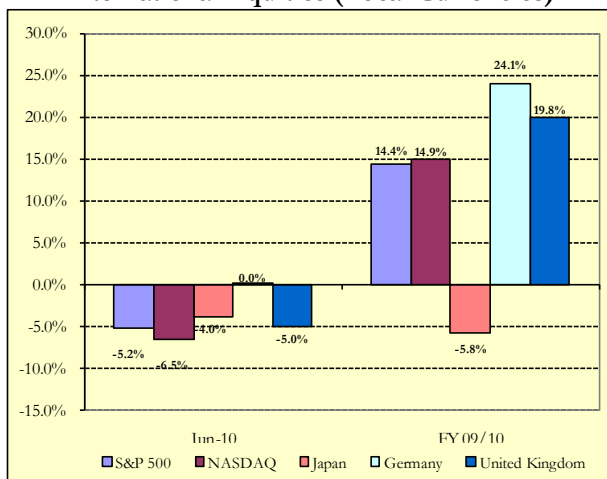
International Equities (\$A)



Global share markets suffered further falls in June, with the MSCI World ex-Australia (Hedged) Index returning -3.9% over the month. Developed nations fared poorly, with US (-5.4%) UK (-5.0%), and Japan (-4.7%) all recording large negative returns. Greek and Irish equities recorded (-9.2%) and (-7.3%) respectively for June. The German markets continue to perform well relatively speaking, driven by a robust economy, with industrial production rising 2.7% month on month in June.

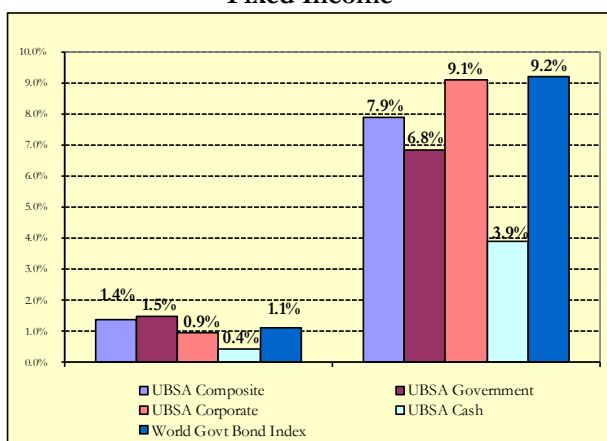
Emerging markets were not immune to the global selloff, although in aggregate the emerging nations performed better than their developed peers. Sri Lanka (+8.9%) and the Philippines (+3.9%) were the few countries that managed gains, while

International Equities (Local Currencies)



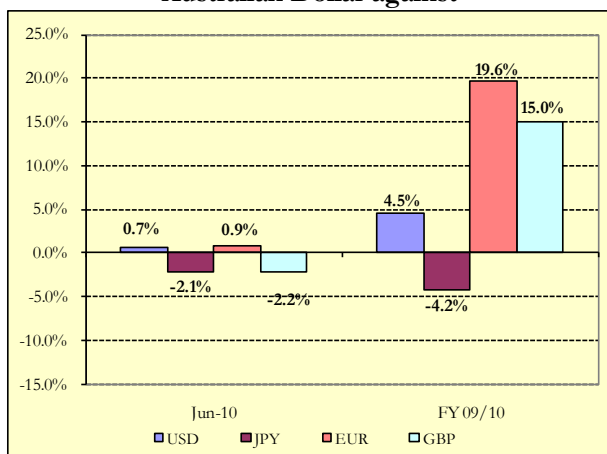
Czech Republic (-6.2%), Poland (-5.2%) and Hungary (-4.8%) joined the global equity market decline. Equity markets in Latin America were also weaker, with Brazil returning -3.4% and Mexico -2.8%. Brazil lifted interest rates for the second time over the month and recorded an annual growth of 9.0% for the 12 months to March 2010.

Fixed Income



Bond yields in general fell during the month of June as an increased risk of lower than expected global growth outlook renewed the bond market rally. The US ten-year bond yield fell, especially in the second half of June, down by 0.34% to 2.94% and Japan's ten-year bond yield fell by 0.18% to close at 1.09%. Yield declines were also witnessed in Europe. In the UK, the release of a harsher than expected government budget saw government bond yields fall, with the UK ten-year bond yield falling by 0.22% to 3.36%. Germany's ten-year bond yield fell by 0.08% bps to 2.58%.

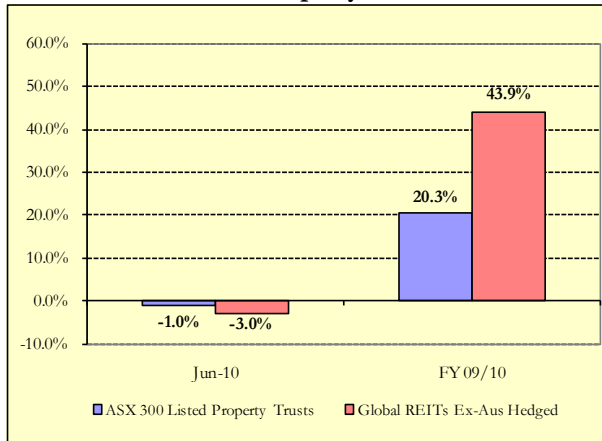
Australian Dollar against



The yield on three-year Australian Government bonds continued to decline, falling from 4.72% at the start of the month to 4.39%. Ten-year Australian Government bonds traded similarly, closing the month 0.31% lower at a yield of 5.06%. The UBSA Composite Bond Index returned 1.4% for the month and 7.9% for the 2009/10 financial year.

The Australian Dollar (AUD) was volatile over the month of June, however finished close to where it started, with modest monthly changes. European sovereign debt and associated risks to the European banking sector continued to weigh on the Euro, which fell 9.6% against the US dollar during the June quarter and by 15% so far this calendar year.

Property



The Australian Real Estate Investment Trusts (A-REITs) market, as measured by the S&P/ASX 300 Property Trust Accumulation Index, declined by -1.0% during the month. Despite the decline, the sector fared better than the broader share market. The retail sector within the listed property sector fell by 3.3% over the month, whereas the industrial sector rose by 2.8% in June and has been the top performer over the financial year.

Global REITs also recorded negative returns for the month, with the Global REITs ex-Australia (hedged) Index returning -3.0% for the month. The US, the UK and Japan all recorded negative returns, whilst China and Hong Kong were amongst those that recorded positive returns for the month.