

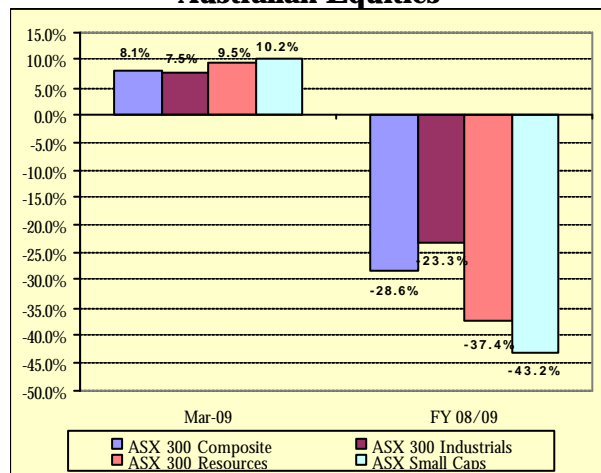
Market Overview

The global economic outlook continued to deteriorate in March with the International Monetary Fund (IMF), World Bank, and Organisation for Economic Co-operation and Development (OECD) all forecasting global contraction this year. However, the major global equity markets rebounded in March in response to major policy announcements in the US and UK, as well as some indications that economic indicators were bottoming. The US Federal Reserve reinforced its commitment to improving lending volumes and credit market conditions by pledging another US\$750 billion to buy mortgage-backed securities. The US Treasury also unveiled its Public-Private Investment Program, which will use a combination of government and private money to purchase between US\$500 billion and US\$1 trillion in bad loans and securities to remove them from bank balance sheets and restore financial stability.

Australia's economic growth figures, as measured by Gross Domestic Product (GDP), were announced in March and were weaker than expected at -0.5% for the December quarter. The market expectation is now for the broad Australian economy to post a second successive quarter of negative growth, constituting a technical recession, when March quarter GDP figures are released in June 2009.

The Reserve Bank of Australia (RBA) elected to leave interest rates on hold at 3.25% in March, but cut rates to 3.0% in April, while the European Central Bank also cut rates from 2.00% to 1.25% in early April. The Bank of Japan (0.10%) and US Federal Reserve (0% to 0.25%) left interest rates unchanged.

Australian Equities

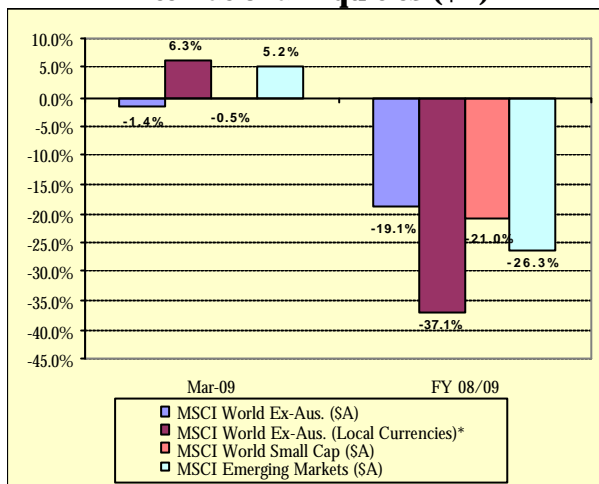


The Australian share market rebounded in March, registering its first positive monthly return since August 2008 and its strongest monthly gain since April 1995. The S&P/ASX 300 Accumulation Index rose by 8.1% over the month, buoyed by several policy announcements in the US and UK, early signs of profitability returning to US banks and some signs of stabilisation in economic data.

The Information Technology (+21.0%), Industrials (+15.3%) and Financials ex Property Trusts (+14.0%) sectors were the best performing sectors. The Materials sector (+9.4%) also had a strong month, assisted by gains in commodity prices and renewed investor interest in the sector. The Healthcare (-7.1%) and Telecommunications (-4.8%) sectors both fell as defensive sectors moved out of favour with investors.

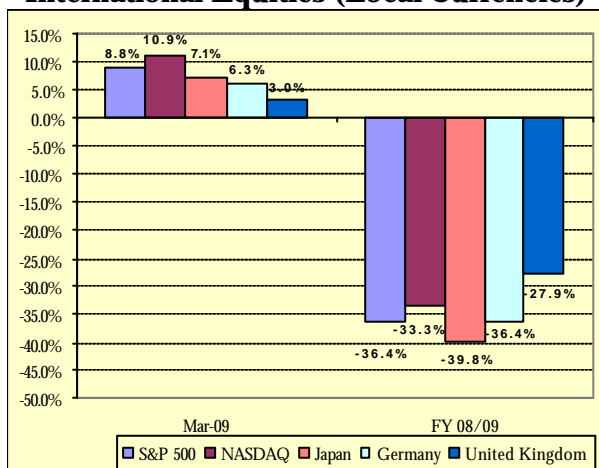
In terms of individual companies, strong positive contributors to performance were Asciano Group (+104.5%), Macquarie Infrastructure Group (+42.7%), United Group (+24.1%) and ANZ Banking Group (+18.3%).

International Equities (\$A)

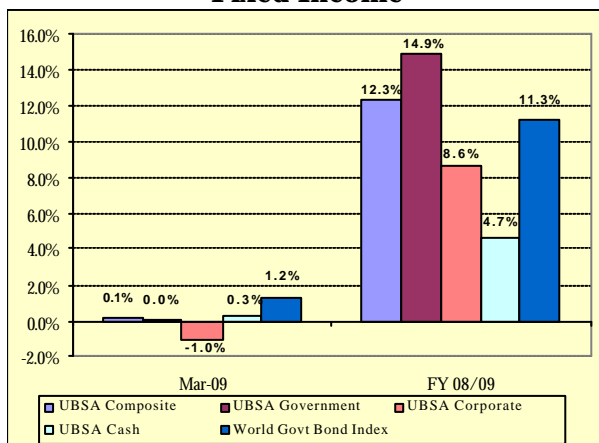


* MSCI World Ex-Aus. Local Currencies Index used as a representative for the Hedged Index

International Equities (Local Currencies)



Fixed Income



International equity markets recovered in March following major policy announcements in the US and UK, and suggestions that some economic indicators were bottoming. The MSCI World (ex-Australia) Accumulation Index returned +6.3% in local currencies but was down 1.4% in unhedged Australian dollar terms due to a rising Australian dollar.

US sharemarkets rose during the month despite predictions by Standard & Poor's that aggregate dividends by S&P 500 companies will fall 23% this year, the biggest decline since 1938. The S&P 500 rose 8.8% for the month, its strongest monthly gain since October 2002. European markets also moved higher, although less so than the US indices. Germany (+6.3%), France (+3.9%) and Italy (+2.6%) rose, while the FTSE 100 Index in the UK ended the month 3.0% higher.

Asian markets also rose in March despite the release of poor economic growth figures for the December quarter. The Nikkei index increased 7.1%, while Singapore and Hong Kong were up 6.6% and 6.0% respectively. The Chinese sharemarket rose strongly (+22.6%) on signs that government stimulus measures are working.

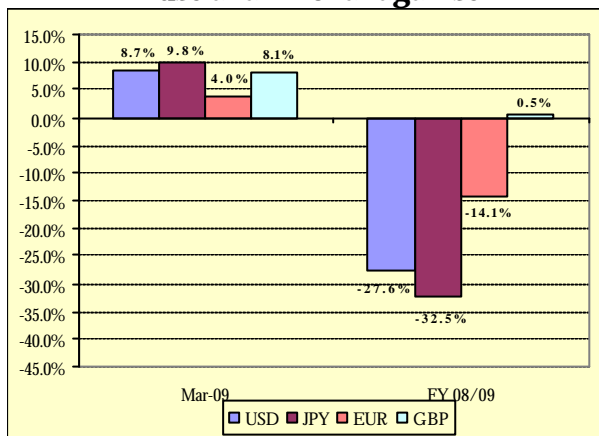
Emerging markets were stronger in March, with the MSCI Emerging Markets index up 5.2% in Australian dollar terms. Russia was up 24.3% as the oil price rose 11%. Other markets to perform well included the Czech Republic (+17.0%), Poland (+10.8%) and Hungary (8.7%).

Australian bond yields were mixed in March as a pause in domestic monetary easing was offset by the influence of a sizeable rally in the US bond market. The yield on Australian ten year bonds ended the month up only 0.01% to 4.44%. Australia's three year bond yield opened at 3.35% and closed higher at 3.47%. Additionally, the spread between Australian and US ten-year bond yields widened in March. In contrast, the three month bank bill rate opened at 3.16% and closed slightly lower at 3.14%.

Global bond yields were also mixed. The US ten year bond yield fell 0.35% to 2.66%, driven by the Federal Reserve's commitment of US\$300 billion to buy long-term government bonds. In contrast, Japan's ten year bond yield gained 0.07% to close the month at 1.35%. In the European region, Germany's ten year bond yield dropped 0.12% to 2.99%, while the UK ten year bond yield fell considerably, dropping 0.45% to close at

3.17%. Globally, ten year bond yields remain at low levels, and may fall further due to falling inflation expectations and central bank action to buy long-term bonds.

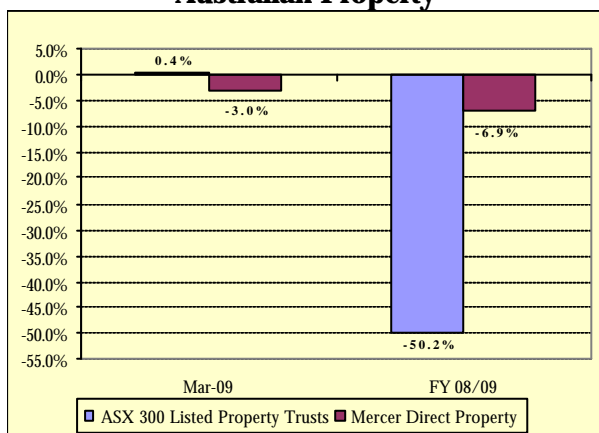
Australian Dollar against



The Australian dollar (A\$) was stronger in March against the major currencies, closing 8.7% up against the US dollar at 69.12 US cents, and 9.8% higher against the Japanese Yen at JPY68.32. The trade-weighted index (TWI) closed the month at 57.4 (up 4.7% from 54.8).

Despite gains in the broader equity market, the Australian Real Estate Investment Trusts (A-REITs) market, as measured by the S&P/ASX 300 Property Trust Accumulation Index, was broadly flat for the month of March. The sector has fallen 50.2% for the financial year to date. Signs of optimism returned with renewed policy action to improve the functionality of credit markets, however 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 REITs are expected to cut distributions in the coming months in an effort to protect against the challenging market conditions ahead.

Australian Property



The return for the unlisted property sector, as measured by the Mercer Unlisted Property Index, fell 3.0% 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.