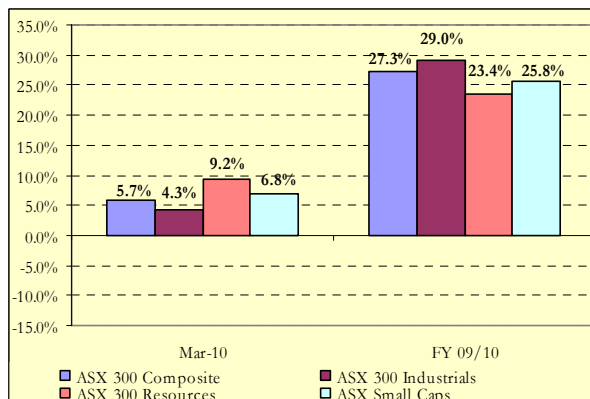


Market Overview

Global equity markets were very strong in March 2010, with growing confidence over a near term solution to sovereign risk concerns in Greece and continued improvements in global economic data. While developing economies continued to record a faster pace of recovery, there were clear signs of improvement in the US, Japan and Europe. Despite improving economic data, the market faces a number of challenges in the coming months. These include issues in the US housing market as the Federal Reserve stops buying US mortgage debt, renewed concerns over sovereign risk in Greece and tightening of the Chinese bank lending policy.

In Australia, 4th quarter 2009 GDP recorded economic growth of 0.9% bringing the annual growth rate to 2.7% and confirming Australia's position as one of the best performing developed economies in 2009. The Reserve Bank of Australia (RBA) also raised the official cash rate by 0.25% to 4.0% in March, which was the fourth such rate rise since October 2009. The RBA's decision to increase interest rates in March reflected a move towards a more normal level of interest rates as the RBA noted that the risk of serious economic contraction in Australia has passed. Other data released in March showed an increase in the unemployment rate from 5.2% to 5.3%, Retail sales fell 1.4% in February and Housing Finance also fell by 7.9% in the month of January.

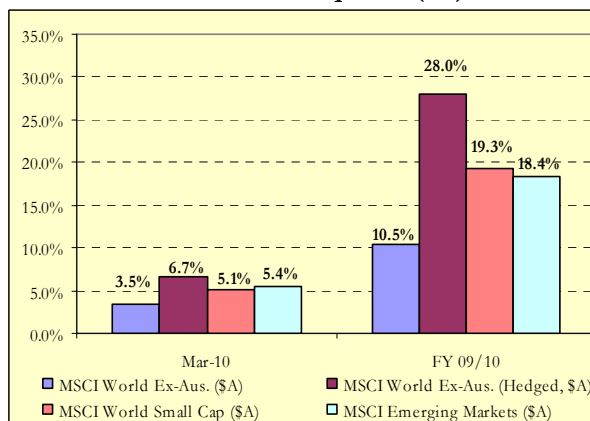
Australian Equities



The Australian share market recorded a positive return in March, with the S&P/ASX 300 Accumulation Index returning +5.7% over the month. This takes the financial year to date return for the S&P/ASX 300 Accumulation Index to 27.3%.

With continued improvement in economic data, stocks with leverage to the economic cycle tended to outperform. Energy (+9.7%) and Materials (+8.6%) were among the best performing sectors whilst Consumer Staples (+2.8%) and Utilities (+2.7%) lagged these sectors.

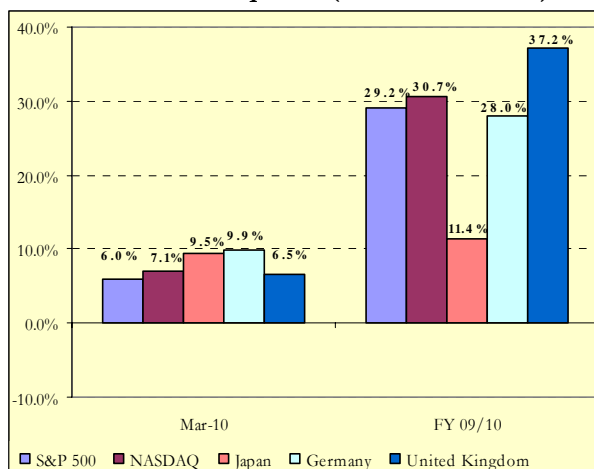
International Equities (\$A)



Global share markets were positive in March, with the MSCI World ex-Australia (Hedged) Index delivering +6.7% over the month. Performance across European equity markets was stronger with some certainty around a rescue plan for Greece and the benefit of a weaker currency. Germany (+9.9%), France (+7.2%) and Sweden (+8.4%) all finished in positive territory.

The US share market performed strongly in March, with the S&P 500 gaining +6.0% during the month. Company profits have increased by 31% in the 12 months to December 2009 reflecting aggressive cost cutting, some revenue growth and improved operating leverage.

International Equities (Local Currencies)

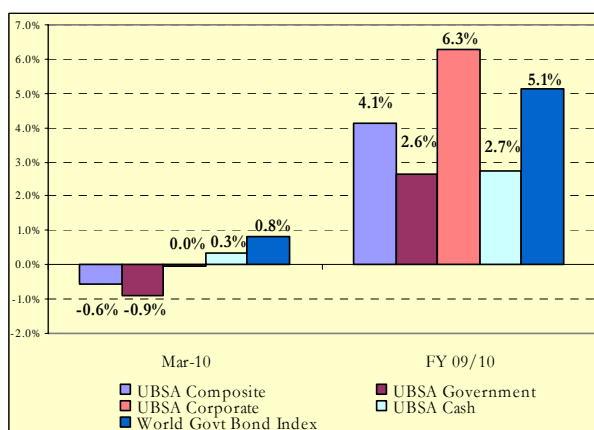


In Asia, Japan recorded a 9.5% return for the month. This reflected improved confidence in the economic outlook. In other regions, Hong Kong (+3.1%) and Singapore (+5.0%) also posted gains.

Emerging markets continued the trend of positive performance returning 5.4% for the month in Australian dollar terms. Hungary (+14.0%), Turkey (13.2%), India (6.7%) and Brazil (+5.8%) were among the best performing emerging market countries.

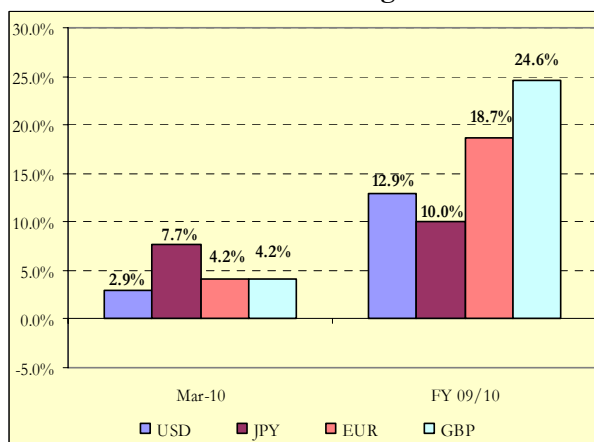
The Australian Government bond yields rose in March as a result of better economic fundamentals. The 3-year bond and 10-year bond yields increased by 0.42% and 0.35% to 5.29% and 5.80% respectively. The 3-month bank bill rate opened at 3.60% and closed 0.40% higher at 4.00%. However, the UBSA Composite Bond Index returned -0.6% for the month.

Fixed Income



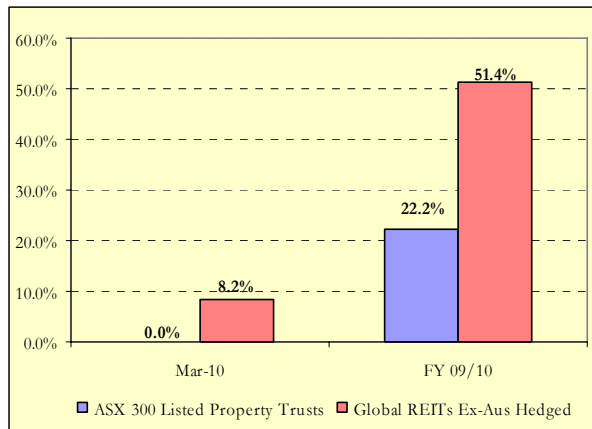
Global bond yields rose in most developed markets during March. The US 10-year bond yields increased by 0.22% to 3.83% on the back of sovereign risk concerns and low demand for US bonds at several auctions. There were signs of improvement in economic data from Japan, which saw 10-year bond yields increase by 0.08% to 1.40%. In the European region, German bonds benefited from a flight to quality as 10-year bond yields tightened finishing at 3.09%. The UK's 10-year bond yields also fell by 0.15% to 3.93% in reaction to pressure from credit rating agencies for fiscal consolidation.

Australian Dollar against



The Australian dollar (A\$) continued to benefit from rising commodity prices and tighter domestic monetary policy, rising by 2.9% against the US dollar (US\$) in March. The A\$ also rose against the currencies of Australia's major trading partners. The largest appreciation was against the Japanese yen (JPY), increasing by 7.7%. The A\$ closed the month at US\$0.92 and JPY 85.6.

Property



The Australian Real Estate Investment Trusts (A-REITs) market, as measured by the S&P/ASX 300 Property Trust Accumulation Index, remained flat for the month. There was little activity in the Australian Listed Property sector, which failed to keep up with the broad stock market.

The price of international listed property stocks outperformed the domestic property market in March, with the Global REITs ex-Australia (hedged) Index returning 8.2% for the month.