

Equity Fund Class A

September 2009

Fund Aim

To provide high returns over the long term while accepting high volatility

Time Frame

5 to 7 years

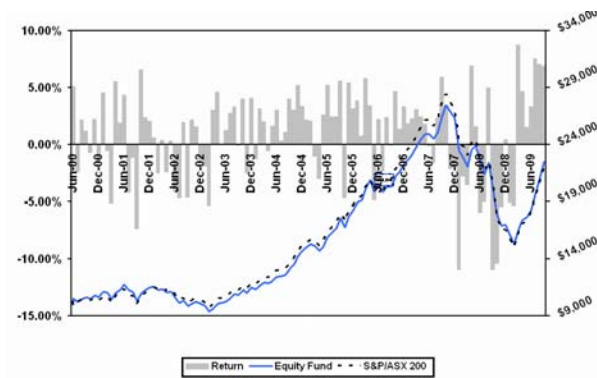
Investment Strategy

The Fund targets companies that: generate a strong free cash flow, manage capital effectively, have sustainable long term growth prospects, and demonstrate strong management capability and vision.

Performance Benchmark

S&P ASX 200 Accumulation Index

\$10,000 Invested Since Inception



Fund Facts

Inception date	22 Jun 2000
Fund Size	\$687.48 million
Management Expense Ratio (MER)	0.9716%
Income Distribution Frequency	Six Monthly
Level of Risk	High
Buy/Sell Spread	n/a

Performance - periods to 30 September 2009

	%		% p.a.			Incept
	1 mth	3 mth	1 yr	3 yr	5 yr	
Growth Return		23.10	6.31	-10.25	-2.49	
Income Return		n/a	6.08	13.68	13.88	
Before tax after fees	6.91	23.10	12.39	3.43	11.39	9.11
Benchmark*	6.24	21.50	8.34	1.66	9.99	8.83

"Returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class 'A' fees and costs, assume all distributions are reinvested and are annualised for periods greater than one year"

Market Commentary

The Australian share market tracked steadily higher over September. The S&P/ASX 200 Accumulation Index returned +6.6% for the month making it the sixth consecutive month of growth. The market was pushed higher by continuing signs that economic growth is on a more solid footing. Investors appear increasingly convinced that Australia has fared better than most countries during the financial crisis. The best performing sectors in September were Consumer Discretionary (+10.6%), Information Technology (+10.5%) and Property (+9.8%). Macquarie Media, Austar United and David Jones were the largest positive contributors to the Consumer Discretionary sector; while SMS Management and Computershare Ltd were the strongest Information Technology performers. The poorest performing sectors were Telecommunication Services (+0.3%), Energy (+1.5%) and Materials (+2.6%). Singapore Telecommunications and Telstra detracted from the Telecommunication Services sector; while Karoon Gas Australia, Riversdale Mining and Eastern Star Gas dragged down the Energy sector.

Fund Commentary

The Fund returned 6.91% (before tax after fees) in June, outperforming its benchmark by 0.67%.

Assisting the Fund's performance in September were overweight positions in Macquarie Group, which continues to be re-rated as it buys and expands 'cheap' businesses in Europe and the Middle East, Commonwealth Bank, Suncorp Metway, Bendigo & Adelaide Bank and National Australia Bank; and underweight positions in Santos Limited, whose share price suffered from the drop in the price of oil, and Fortescue Metals. Detracting from the Fund's performance over the month were underweight positions in ANZ Banking Group and Westfield Group, which outperformed as its share price rallied on the second last day of month; and overweight positions in Oil Search Limited, Coal & Allied Industries, Telstra, which was flat for the month after the government announced fundamental reforms to telecommunications regulations, and Rio Tinto.

Outlook

After strong gains over the last six months, shares are vulnerable to a correction over the next few weeks before resuming their upswing. However, any correction is likely to be limited and further strong gains are likely by year-end. Our view remains that shares commenced a new cyclical bull market back in March and that this has much further to go. Australian shares may be up by just over 50% from their March lows, but the typical cyclical bull market sees average gains of 132% spread over four years. We continue to expect the Australian All Ordinaries and ASX 200 indices to reach 5000 by year-end.

Resources have struggled somewhat as investors have become concerned about the earnings outlook and future Chinese buying. Although spot commodity prices are well above early 2009 lows, signs of softness are evident particularly in iron ore where Chinese stockpiling has been most pronounced. These headwinds are likely to weigh on this sector in the near term as we enter the 'seasonally' weak buying period.

The Australian stock market should continue to track higher, although with less momentum than in recent months. Cash levels remain well above average (both at the institutional and retail level), and this money should be progressively reallocated into the equity market with investors seeking to 'buy the dips' rather than 'sell the rallies'. From a valuation view point, the Australian equity market is close to fair value but, importantly, it is not expensive. Most stocks are still well short of their former highs (the broader market remains 30% below its November 2007 peak).

Top 10 Holdings - as at 30 September 2009

Security Details	% Bench.	% Portf.	Curr.
BHP BILLITON LIMITED	11.59%	13.76%	AUD
NATIONAL AUSTRALIA BANK LTD	5.90%	12.09%	AUD
COMMONWEALTH BANK OF AUSTRALIA	7.19%	11.41%	AUD
MACQUARIE GROUP LTD	1.79%	6.66%	AUD
TELSTRA CORPORATION LIMITED	3.31%	5.31%	AUD
SUNCORP METWAY LTD	1.02%	4.69%	AUD
OIL SEARCH LIMITED	0.55%	4.61%	AUD
RIO TINTO LIMITED	2.37%	4.20%	AUD
NEWS CORPORATION	0.49%	3.91%	AUD
WESTPAC BANKING CORPORATION	7.06%	3.27%	AUD

Top 5 Over Weight - as at 31 August 2009

Security Details	Curr.
NATIONAL AUSTRALIA BANK LTD	AUD
MACQUARIE GROUP LTD	AUD
OIL SEARCH LIMITED	AUD
COMMONWEALTH BANK OF AUSTRALIA	AUD
SUNCORP METWAY LTD	AUD

Top 5 Under Weight - as at 31 August 2009

Security Details	Curr.
ANZ BANKING GROUP LTD MELBOURN	AUD
WESTPAC BANKING CORPORATION	AUD
WESTFIELD GROUP	AUD
WOODSIDE PETROLEUM LIMITED	AUD
QBE INSURANCE GROUP LIMITED	AUD

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