

Fund Review at 30 September 2008

| Fund total return* | 1 month % | 3 months % | 6 months % | 1 year % | Inception (pa) % |
|--------------------------|-----------|------------|------------|----------|------------------|
| Performance before fees | -5.4 | 0.9 | -4.0 | -17.7 | -8.3 |
| Performance after fees | -5.5 | 0.5 | -4.7 | -18.8 | -9.5 |
| Benchmark | -4.3 | 1.8 | -4.8 | -17.7 | -10.3 |
| Excess return after fees | -1.2 | -1.3 | 0.1 | -1.1 | 0.8 |

| Top ten holdings | % |
|-------------------------------|------------|
| GlaxoSmithKline PLC | 3.6 |
| Royal Dutch Shell PLC | 3.1 |
| CLP Holdings Ltd | 2.6 |
| Total SA | 2.5 |
| ENI SpA | 2.4 |
| CEZ | 2.1 |
| Pfizer Inc | 2.1 |
| Gannett Co Inc | 2.0 |
| Takeda Pharmaceutical Co Ltd | 1.9 |
| Lexmark International Inc | 1.8 |
| Total number of stocks | 255 |

| Industry weights | Fund % | Benchmark % |
|------------------------|------------|-------------|
| Consumer Discretionary | 6.0 | 8.9 |
| Consumer Staples | 14.3 | 9.7 |
| Energy | 18.1 | 12.4 |
| Financials | 4.3 | 21.2 |
| Healthcare | 22.5 | 9.8 |
| Industrials | 6.3 | 10.6 |
| Information Technology | 6.7 | 10.8 |
| Materials | 6.1 | 6.7 |
| Telecom Services | 2.6 | 5.1 |
| Utilities | 9.1 | 4.8 |
| Cash | | |
| Total | 100 | 100 |

| Distribution history | Cents per unit |
|----------------------|----------------|
| June 2008 | 0.68 |
| December 2007 | 0.00 |
| June 2007 | 3.41 |
| December 2006 | 0.00 |

| Country weights | Fund % | Benchmark % |
|------------------|------------|-------------|
| Asia (ex Japan) | 6.8 | 1.4 |
| Emerging Markets | 11.8 | 10.4 |
| Europe (ex UK) | 15.1 | 19.4 |
| Japan | 11.2 | 9.2 |
| North America | 37.2 | 50.6 |
| United Kingdom | 13.9 | 9.0 |
| Cash | 3.9 | - |
| Total | 100 | 100 |

| Fund details | |
|--|--|
| Total funds under management | \$ 120.5 million |
| NAV unit price at review date | \$ 0.8036 |
| Inception date | 18 December 2006 |
| Investment manager | Arrowstreet Capital L.P, Boston, MA |
| Suggested minimum investment timeframe | At least 7 years |
| Benchmark | MSCI All Country World Index ex Australia, in A\$ unhedged with net dividends re-invested. |
| No. of stocks | Generally 125 - 300 |
| Management costs | 1.28% p.a. (inclusive of the net effect of GST) |
| APIR code | MAQ0464AU |
| Buy/sell spread | 0.35% / 0.30% |
| Minimum investment | Indirect investors: refer to the operator of your service Direct investors: minimum initial investment \$50,000 |
| Distributions | Paid semi-annually as at 31 December and 30 June |

Comment from Arrowstreet Capital

Market Environment

Global equity markets fell during the third quarter of 2008 amid a decline in investor confidence and unprecedented turmoil in international credit markets. The quarter saw the failure of a number of U.S. banks and financial institutions, including mortgage companies Fannie Mae and Freddie Mac, investment bank Lehman Brothers, and insurance giant AIG. These failures, driven by uncertainty over the values of mortgage backed securities in the environment of continually declining home prices, and reduced confidence in many other financial institutions caused a sharp contraction in lending and drove short term interbank rates to record highs. The last remaining Wall Street investment banks, Morgan Stanley and Goldman Sachs, strove to raise money from outside investors and relinquished their unregulated status, registering as commercial banks to allow them to raise funds through deposits and improve their ability to borrow from the Federal Reserve. These disruptions prompted a government intervention that included short-sale bans in many markets as well as the organization of a number of mergers and rescue packages by the U.S. government. Currently, a broader solution involving the U.S. government purchasing distressed mortgage back securities is being deliberated.

The decline in equity markets was accompanied by gains in the US dollar. Versus a broad basket of currencies, the dollar rose in value more than 7% during the quarter. This was driven by investors' "flight to quality" as volatility and uncertainty about future growth increased. This fear also took a toll on commodities. Oil prices reach all time highs in early July but fell back below \$100 per barrel by the end of the quarter. Industrial metal prices also suffered.

Country Drivers

Russian stock markets dropped sharply in the third quarter as energy prices fell. Foreign investors' concerns over political risks in Russia rose as the Russian military entered South Ossetia to drive Georgian forces out, in support of the region's efforts to break away from Georgia. This drew criticism, but no military action, from the European Union and the United States.

Ireland was one of the worst performing countries during the third quarter. The government decided to guarantee both deposits and debt of beleaguered banks for two years in an effort to shore up confidence. In a sharp reversal from their second quarter's outperformance, Norway's energy heavy equity market fell precipitously on the back of declining crude prices and a depreciating currency.

The Philippines was on of the best performing countries during the third quarter. The Philippines equity markets reached support levels at the end of Q2 2008 after falling roughly 40% in the first half of the year on concerns over rising inflation. The country's stocks stabilized in the third quarter and ended the quarter slightly up, outperforming most markets that we down sharply amid the global credit crisis.

Sector Drivers

Materials and Energy stocks suffered during the third quarter on growing concerns of deteriorating world wide economic health. The outlook for oil companies was hurt as the IEA cut its forecasts for global oil demand and oil prices declined sharply during the quarter. Steelmakers have suffered during the quarter as the costs for iron ore and coking coal continued to rise but slowing growth threatens to keep steel prices from rising.

The Health Care sector was one of the best performers during the third quarter as investors fled energy and financials. As consumer spending shrank, demand remained stable for health insurance and prescription drugs. The Consumer Staples sector also benefitted from its status as a defensive sector in the current turbulent markets, falling much less than other sectors on investors' hopes that consumer demand for basic household products would be sustained even as growth slows.

Commentary

United States Materials - Our overweight holdings in International Paper were based on value measures like price to book and free cash flow yield, as well as positive earnings terms. Shares of International Paper Co. rose 14% during the third quarter. The stock jumped on news that second-quarter profits beat Wall Street estimates; trading up 14% on July 31st. Shares were able to maintain these price levels throughout the rest of the quarter.

United States Consumer Staples – Our overweight position in Wal-Mart was based on favorable basket level price momentum. The stock gained as recession fears set in and consumers flocked to discount stores. Same store sales were up during the quarter, even after taking the US taxpayer rebates into account, and their margins improved as well.

Germany Materials – ThyssenKrupp AG, Germany's largest steel producer, declined 43% during the third quarter of 2008. The stock was hurt by falling steel prices, as new construction projects diminished worldwide. Also contributing to its drop were numerous reports, issued in the month of September, that analysts were cutting price targets for the stock. The portfolio's overweight position in ThyssenKrupp AG was motivated by stock level value measures, including free cash flow yield.

Model Attribution Analysis

Indirect model (i.e., country, sector and basket) –

- Our indirect or basket model had poor results during the third quarter of 2008. In both developed and emerging markets, the indirect effect signals underperformed in July and August, and rebounded in September.
- The price momentum signal group detracted the least during the quarter while earnings detracted the most. The more persistent momentum group typically has a greater impact on portfolio performance.

Direct model (i.e., stock) –

- The direct model forecast dispersion is substantially higher than usual as of the end of September. The high frequency signal group is the most influential signal group to the forecasts. The stock model forecasts have recently become somewhat less persistent. For the most recent month, the monthly forecast autocorrelation was 0.52. The average monthly forecast autocorrelation for the quarter was 0.55.
- Overall, the direct model performance was strong for the quarter. The model performed well in developed markets and better still in emerging markets. Of the four signal groups, high frequency performed the best and this signal group is the most important to the total forecast.

Currency model -

- Overall, during the third quarter of 2008 the Currency model did poorly. The underperformance was worst in emerging markets, while developed markets also did poorly. The earnings signal group did well during the quarter while price momentum underperformed.
- Positive forecasts and negative forecasts had similar performance. The model did poorly in differentiating very attractive currencies from moderately attractive currencies, and also did poorly in differentiating very unattractive currencies from moderately unattractive currencies.

How the Fund is managed

The Fund is managed in accordance with Arrowstreet's global equity investment strategy which offers a diversified portfolio of approximately 125 to 300 stocks which the manager believes offer attractive return potential.

Arrowstreet adopts an active, quantitative investment approach that seeks to consistently outperform the benchmark through varying market conditions. The firm combines investment intuition with rigorous quantitative research in an effort to identify attractive stocks around the world.

The fund includes exposure to stocks in emerging markets as well as developed markets. The fund may also have exposure to small companies. These areas of the market are generally less thoroughly researched by other market participants and therefore provide more opportunity for Arrowstreet to identify mispriced stocks.

*Past returns is not a reliable indicator of future returns. Total returns are calculated based on changes in net asset values and assumes the reinvestment of distribution.

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