

Global Equity – Growth Funds

Quarterly Investment Report to 30 June 2008

Fund performance

Wholesale Global Equity –

Growth Fund ^{1 & 4}	3 mth%	1 yr%	3 yr% p.a.	5 yr% p.a.
Distribution return	0.7	0.6	0.6	0.4
Growth return	-7.0	-22.0	-0.3	2.4
Total return	-6.3	-21.4	0.3	2.8
MSCI World ex Aust Index - \$A	-6.6	-21.3	0.6	4.0
MSCI World Growth ex Aust Index -\$A	-3.4	-14.8	2.2	3.7

Global Equity –

Growth Fund ^{1, 2 & 3}	3 mth%	1 yr%	3 yr% p.a.	5 yr% p.a.
Distribution return	0.0	0.0	0.0	0.0
Growth return	-6.5	-22.2	-0.7	1.7
Total return	-6.5	-22.2	-0.7	1.7
MSCI World ex Aust Index - \$A	-6.6	-21.3	0.6	4.0
MSCI World Growth ex Aust Index - \$A	-3.4	-14.8	2.2	3.7

Review and outlook

Market Review

During the second quarter, the MSCI World fell 6.6%, in Australian dollar terms, as inflation concerns and further difficulty within the financial sector more than offset positive economic and corporate reports early in the quarter.

Initially, global stocks recovered in April and enjoyed their best monthly performance in six months, following better-than-anticipated macroeconomic and corporate earnings reports. In late April, the US economy showed stronger-than-expected growth, while the US Federal Reserve (Fed) lowered its target on the federal funds rate to 2.0%. However, markets later pulled back as economic reports in Europe, Japan and the US indicated weaker consumer and investor confidence amid rapidly rising commodity prices. In June, markets retreated due to worries of higher inflation and record oil prices. In addition, credit downgrades, further potential asset write-downs, as well as company restructuring and management changes all weighed on the financial sector.

Sector performance was mixed, with the energy/natural resources sector gaining most, while financials underperformed. Among currencies, the Australian dollar appreciated against the euro, sterling, US dollar and yen. Growth stocks outperformed value stocks, as the MSCI World Growth declined 3.1% and the MSCI World Value moved 9.9% lower, in Australian dollar terms.

Fund review

The Fund outperformed the benchmark during the June quarter.

Contributors included independent energy firm Noble Energy, oil service provider Baker Hughes and energy exploration and development company EOG Resources. Both Noble Energy and EOG Resources were up as crude oil prices surpassed \$140 a barrel. Additionally, Noble Energy climbed on strong first-quarter results, following robust oil and gas sales, and guided higher for fiscal 2008 sales volumes. Likewise, higher first-quarter results boosted shares of oilfield services provider Baker Hughes.

Detractors included Lehman Brothers, American International Group (AIG) and Fannie Mae. Second-quarter loss and news of further capital raising efforts pushed investment bank Lehman Brothers lower. Continued difficulty within the credit markets, as well as a broker downgrade weighed on government-sponsored mortgage lender Fannie Mae. Likewise, insurer AIG fell after announcing it will raise a larger than estimated amount following significant asset write-downs during the first quarter. AIG also replaced its CEO and announced losses that exceeded its previous estimates.

Outlook

Alliance Growth Equities believes the economic slowdown has begun to weigh on the global markets, especially consumer discretionary stocks, as severe distress in the US sub-prime mortgage market forced numerous financial institutions worldwide to post further significant losses. Further, Alliance Growth Equities believes consensus earnings expectations have started to adjust to pressure on margins and expect this process to continue through the next couple of quarters. Finally, Alliance Growth Equities continues to see outsized opportunity in the unusually low valuation premium for growth indices and the large under-appreciated growth potential their research is identifying.

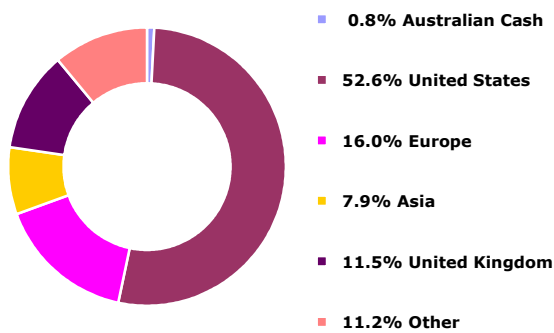
* 1, 2, 3 and 4 – See notes on following page.



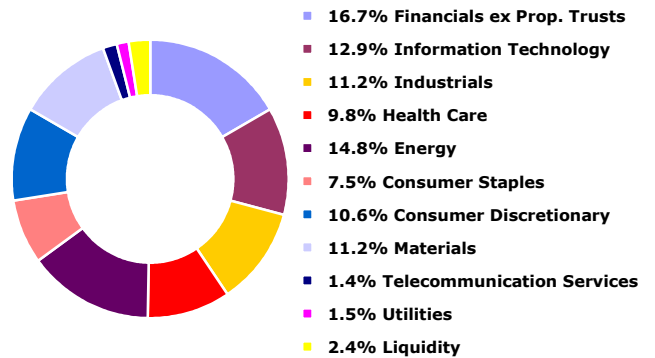
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Portfolio Analysis

Country allocation



Sector allocation



Top ten shareholdings

Holding	Profile	Country	% of Fund
Rio Tinto	Materials	United Kingdom	2.9
EOG Resources Inc	Energy	United States	2.7
Xstrata	Materials	United Kingdom	2.4
Baker Hughes Inc	Energy	United States	2.4
Wal-Mart Stores Inc	Consumer Discretionary	United States	2.2
Noble Energy Inc	Energy	United States	2.2
Credit Suisse Group	Financials	Switzerland	1.9
Federal Nat. Mtg Assn	Financials	United States	1.9
Nestle Sa	Consumer Staples	Switzerland	1.7
Air Prods & Chem. Inc	Materials	United States	1.7
Total			22.0%
Total number of holdings			146

Fund information

The Fund typically holds a diversified portfolio of stocks in listed companies with characteristics such as:

- A market capitalisation in excess of US\$500 million; and
- Attractive growth rates relative to their peers.

The objectives are twofold: to provide unit holders with long-term capital growth and to outperform the Morgan Stanley Capital International World ex Australia Index (Net Dividends Reinvested), in Australian dollar terms (MSCI

World ex Aust Index'), after costs and over rolling five year periods.

Fund facts

Wholesale

Inception Date: December 2000

Fund Size (30 June 2008): \$1,141.3m

Retail

Inception Date: July 2001

Fund Size (30 June 2008): \$9.9m

Notes

1. Past performance is not necessarily indicative of future performance. Performance figures are calculated using exit prices, are net of management fees, ongoing fees and expenses, assume distributions are reinvested and tax is not deducted. The distribution return reflects total distributions paid from the fund, while the growth return reflects changes in the capital value of units.
2. The Global Equity - Growth Fund was closed to new investors on 30 September 2004. The Fund is offered as Generations Alliance Capital Global Equity Growth as part of the Generations range.
3. The performance figures for the Global Equity - Growth Fund have not taken into consideration the following fees: an entry fee of up to 4% on each amount invested; or where the investor has chosen the nil-entry fee option, deferred fees of up to 0.325% per quarter on application of the first 4 years and early withdrawal fees of up to 5.2% on redemptions made within the first 4 years (both payable by reduction in units), a buy/sell margin of 0.70%, a sliding scale management fee rebate applicable for balances over \$50,000; an optional adviser review fee where applicable and any trail commission rebates.
4. The Wholesale Global Equity - Growth Fund, issued by National Mutual Funds Management Ltd, is available by way of PDS which you can obtain from your financial adviser or by calling 1800 780 085. You should read the PDS before making an investment decision.

Responsible entity: National Mutual Funds Management Ltd. ABN 32 006 787 720. Address: 750 Collins Street, Docklands VIC 3008.

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