

Global Equity – Value Funds

Quarterly Investment Report to 30 June 2008

Fund performance

Wholesale Global Equity – Value Fund^{1 & 3}	3 mth%	1 yr%	3 yr % p.a.	5 yr % p.a.
Distribution return	2.0	1.6	4.3	3.3
Growth return	-9.3	-30.8	-2.9	2.8
Total return	-7.3	-29.2	1.4	6.1
MSCI World ex Aust Index - \$A	-6.6	-21.3	0.6	4.0
MSCI World ex Aust Value Index - \$A	-9.9	-27.5	-1.2	4.1

Global Equity – Value Fund^{1,2 & 4}	3 mth%	1 yr%	3 yr % p.a.	5 yr % p.a.
Distribution return	1.9	1.4	3.9	2.7
Growth return	-9.4	-31.3	-3.5	2.2
Total return	-7.5	-29.9	0.4	4.9
MSCI World ex Aust Index - \$A	-6.6	-21.3	0.6	4.0
MSCI World ex Aust Value Index - \$A	-9.9	-27.5	-1.2	4.1

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 underperformed the benchmark during the June quarter.

Detractors included financial holdings American International Group (AIG), Fortis Group and carmaker Renault. Insurer AIG fell after replacing its CEO and announcing losses that exceeded its previous estimates. Meanwhile, Benelux banking group Fortis Group declined upon unveiling plans to raise additional capital, cancel its interim dividend and sell assets. Another detractor was Renault which traded lower based on general fears of consumer weakness, especially in the US, where it is exposed due to its stake in fellow automaker Nissan.

Contributors to performance included ConocoPhillips, Chevron and Tokyo Electric Power Company. Integrated energy companies ConocoPhillips and Chevron both rallied as crude oil surpassed \$140 a barrel. Lastly, Tokyo Electric Power Company gained on news that it would revise its fuel cost surcharge to better reflect soaring oil prices. Following an earthquake at its largest nuclear power plant last July, the company has had to increase its use of more costly oil and gas-fired power, depressing earnings.

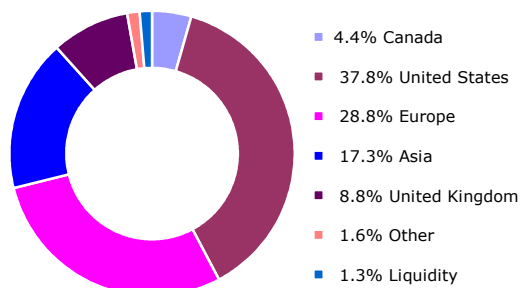
Outlook

Bernstein Value Equities' research and experience as a value manager has taught them to keep portfolio risk proportionate with the value opportunity they identify. Bernstein's research also indicates that, after a lengthy period of compression, valuation spreads are beginning to widen. If this trend continues, they may see increased opportunities to raise the portfolios' concentration in undervalued industries and companies.

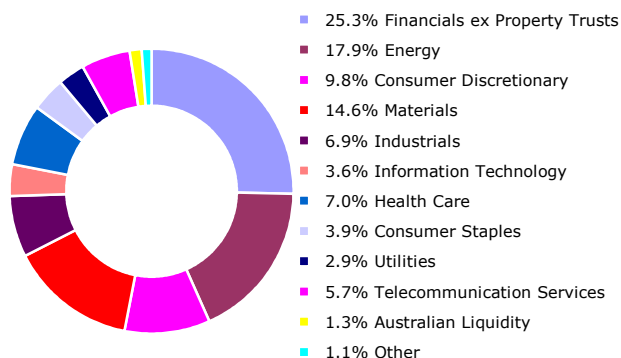
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Portfolio Analysis

Country allocation



Sector allocation



Top ten shareholdings

Holding	Profile	Country	% of Fund
Chevron Corp	Energy	United States	2.9
ConocoPhillips	Energy	United States	2.6
Royal Dutch Shell	Energy	United Kingdom	2.1
JPMorgan Chase & Co	Financials	United States	1.9
Exxon Mobil Corp	Energy	United States	1.9
BASF Se	Materials	Germany	1.8
Allianz Se	Financials	Germany	1.7
Pfizer Inc	Health Care	United States	1.7
E On Ag	Utilities	Germany	1.7
American Intl Group Inc	Financials	United States	1.6
Total			20.0%
Total number of holdings			152

Fund information

The Fund holds a diversified portfolio of stocks in companies with a market capitalisation generally in excess of US\$750m for developed countries and US\$200m for emerging market countries. These stocks will typically have a low share price in relation to their projected long-term earnings power.

The objectives are 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: November 2001

Fund Size (30 June 2008): \$4,092.0m

Retail

Inception Date: November 2001

Fund Size (30 June 2008): \$68.4m

Notes

- 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.
- The performance figures for the Global Equity - Value 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.
- The Wholesale Global Equity - Value 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.
- The Global Equity - Value Fund was closed to new investors on 30 September 2004. The Fund is offered as Generations Bernstein Global Equity Value as part of the Generations range.

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

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