MAP

FINANCIAL SERVICES FOR
THE HEALTH PROFESSIONAL

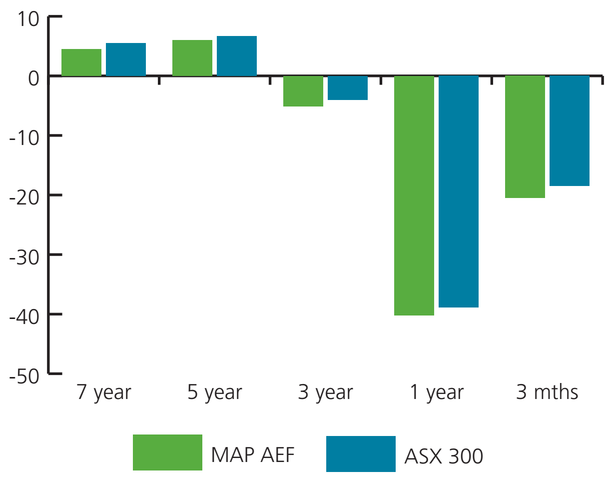
AEF Investment Brief **December Quarter 2008**

Fund Performance

The Fund's rolling twelve month return to 31 December 2008 was -40.25% compared to the Benchmark return of -38.92%. In the most recent quarter the fund returned -20.42% while the Benchmark return was -18.48%. Relative Fund and Benchmark returns for the past quarter, 1, 3 & 5 years are shown in the table below.

	Period ending 31 December 2008				
	7 Yrs (%)	5 Yrs (%)	3 Yrs (%)	1 Yr (%)	Qtr (%)
Fund	4.5	6.0	(5.1)	(40.2)	(20.5)
Benchmark	5.5	6.7	(4.0)	(38.9)	(18.5)
Variance	(1.0)	(0.7)	(1.1)	(1.3)	(2.0)

Table 1: Fund performance (unaudited, after fees) vs S&P/ASX 300 Accumulation Index

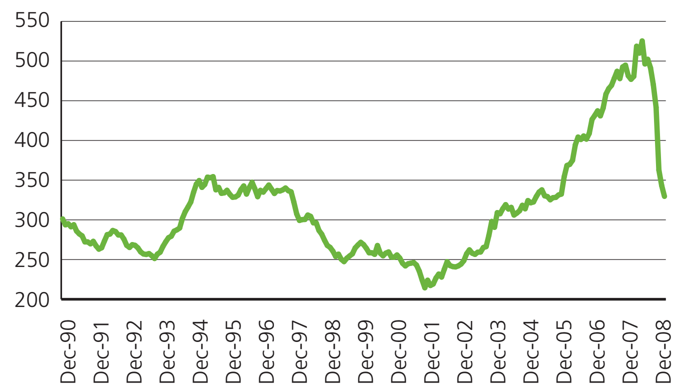


Graph 1: MAP AEF performance to Date

Market Review

The December quarter saw unprecedented volatility in the ASX200. Of the 8 largest ever one-day moves in the market's history, 5 of these days occurred in October 2008 alone. The financial crisis that evolved in September 2008, with events including the bankruptcy of Lehman Brothers and the recapitalisation of AIG has now developed into a full-blown financial crisis which has eroded significant confidence in the financial systems and markets of all countries. This period saw unprecedented moves (falls) in official interest rates globally, the introduction of government guarantees on deposits, nationalisation of many banks, and the banning of short selling of financial stocks by regulatory authorities globally in an attempt to prevent a systemic crisis. Their efforts by the end of the quarter appear, at this stage, to have been a moderate success.

Commodity price performance continued to be poor during the quarter and even over the year for some commodities. The Commodity Research Bureau (CRB) Raw Industrials Index that best represents the major commodity prices for ASX listed companies fell 25% in the quarter and is 31% lower than a year ago. The rapid fall in prices is shown in Graph 2.



Graph 2: CRB Raw Industries Index
Source: Datastream, MAP

The Australian Dollar (AUD) dropped by 12% against the US Dollar (USD) over the quarter and has now fallen by 20% over the year. The AUD is generally viewed as a proxy for commodity prices and 'risk' generally, both of which fell sharply in the quarter. Approximately 40% of companies in the ASX200 derive an income from overseas markets. A falling AUD would be supportive for company earnings, however this is offset by the rapidly deteriorating global economic outlook and the subsequent fall in demand for products and services.

Market Outlook

Financial systems require confidence, and that is why governments and central banks globally have acted with various measures and packages. At this stage, confidence, while improving, does not seem to have returned significantly. The cost of credit (ie interest rates payable on debt) has continued to rise or remain at stubbornly high levels, especially when expressed as a margin or spread over the (falling) interest rate payable on government bonds.

This is impacting on the ability of companies to finance/re-finance capital expenditure to meet their objectives. The number of investment projects cancelled, particularly in the mining sector in recent times, is testament to the ongoing difficulties faced. The abandonment of the BHP and RIO merger due to the large debt held by RIO was a prime reason for BHP to walk away from the merger. Accordingly we are underweight resources due to the ongoing uncertainties in this sector. Likewise, the Listed Property Trust sector continues to perform poorly, weighed down by the high levels of gearing and concern about the ability to roll over debt when it is due. As such we maintain an underweight position in this sector.

Consumers (who generally represent the largest portion of a country's economy) are over-leveraged and their houses (often greatest sources of wealth) are falling in value. The required adjustment will take some time meaning that consumer spending will most likely remain subdued. This will continue to weigh on the cyclical sectors of the market and accordingly we are underweight the consumer sectors in the market.

While our banks and financial system in Australia are often stated as being stronger than other countries, our banks too have been forced to raise capital and strengthen their balance sheets. This, accordingly, has seen banks perform poorly despite having the government guarantee to help with their own borrowing costs. Our external managers see this as an opportunity to increase exposure and hence we are overweight.

The ASX200 is biased towards resource and financial stocks, both of which have medium term outlooks which are cloudy at best. The rapid fall in commodity prices and the short-term collapse in the infallible China growth story has seen resource stocks perform poorly. Although our financial system is strong when compared globally, our banks are not without their own problems in the form of high borrowing costs and expected rises in non-performing loans. In this environment, combined with a lack of confidence, it will be tough for the market to provide solid returns looking forward. As such we maintain a high cash weighting looking for opportunities as they present themselves.

In this environment we remain diversified in both style (value, growth or style neutral) and size (large cap or small cap) accordingly.

Fund Structure

As at the end of the quarter the fund was invested as follows:

Classification	31.12.2008 Weight (%)	30.09.2008 Weight (%)
External Share Managers	75.6	74.4
MAP Direct Shares	23.0	24.1
MAP Direct Cash Holdings	1.4	1.5

Table 2: AEF Fund Structure

The fund uses a diversified group of managers, both by style and size (large cap or small cap). As a result in any one-year we expect some managers will outperform and some under perform, with our objective being to achieve consistent out performance from year to year.

At 31 December 2008 total fund investments were spread across in excess of 200 stocks. Details of the top 10 holdings are shown in Table 3:

Stock	31.12.2008 Fund Weight (%)
BHP	11.2
Westpac Bank	9.0
National Australia Bank	6.5
Commonwealth Bank	5.1
QBE	4.3
Telstra	4.3
ANZ Bank	4.3
Origin Energy	3.0
Woodside	2.4
Macquarie Group	1.6
Total - Top 10	51.7
Total Cash	8.8
TOTAL	60.5

Table 3: Top ten holdings & Cash

The economic sectors in which your fund is invested (by fund weight) under the Global Industry Classification Standard (GICS) classification at 31 December 2008 are:

Economic Sector	Fund Weight (%)	Index Weight (%)	Variation to Index Weight (%)
Financials (ex Real Estate)	32.7	31.0	1.7
Materials	19.5	23.0	(3.5)
Energy	9.0	7.5	1.5
Industrials	6.7	6.7	0.0
Consumer Staples	5.7	9.3	(3.6)
Consumer Discretionary	4.9	3.8	1.1
Telecom Services	4.4	5.7	(1.3)
Real Estate	3.6	6.3	(2.7)
Healthcare	2.8	4.6	(1.8)
Info Tech	1.0	0.5	0.5
Utilities	0.9	1.6	(0.7)
Cash & Other	8.8	0.0	8.8
TOTAL	100.0	100.0	0.0

Table 4: Sector weightings as at 31 December 2008

Fund size as at 31 December 2008 was $48.8m which includes $42.2m invested on behalf of MAP's superannuation, PST and pension products.

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