

INVESTMENT NEWSLETTER

YEAR TO 30 JUNE 2003



The Public Trustee ACT currently administers four Common Funds being the Australian Equities Common Fund, the Australian Fixed Interest Common Fund, the Listed Property Trust Common Fund and the Cash Common Fund. The purpose of these funds is to provide our trusts and clients with diversification between asset sectors as required under the Prudent Person Investment Principle of the Trustee Act, which has now been operational in the Territory for over two years.

The financial year to 30 June 2003 has been a difficult one with significant volatility in world investment markets.

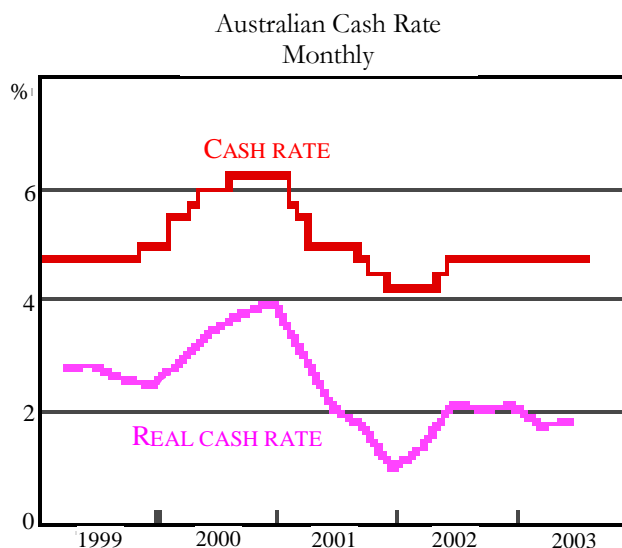
Relatively, the Australian markets have performed well, based on a strong domestic economy. The Australian Equity market experienced an overall negative return but, after commencing the year poorly, strengthened to finish the year on an optimistic note.

The performance of the Public Trustee common funds has varied with the individual asset sectors and the Fixed Interest, Cash and Listed Property Trust Common Funds have delivered pleasing results. The Australian Equity Common Fund while resilient has reflected the volatility of the markets and is well placed to take advantage as the market improves.

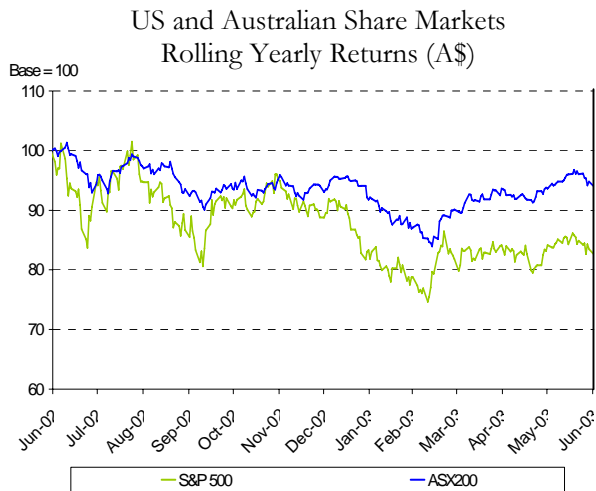
Common Funds

Cash Common Fund

The Public Trustee Cash Common Fund has over \$28 million in funds under investment in a range of securities including bank and non-bank financial institution deposits, notes and bills of exchange. The fund is capital secure and has delivered sound returns during the year. Funds are available at 24 hour call and interest is payable on daily balances. Interest rate current as at 30 June 2003 was 4% net after fees. The return from the fund will vary with movements in the prevailing cash rate and for 2003 year, gross return before fees was commensurate with the UBS Warburg Australian Bank Bill Index.



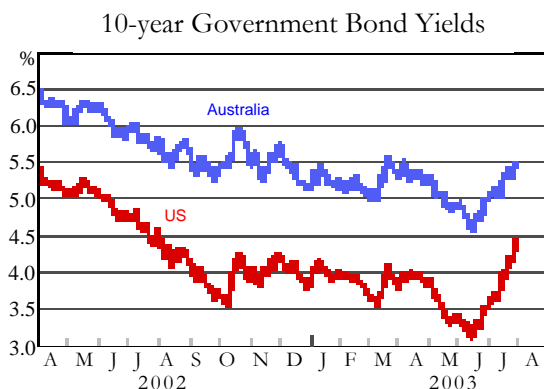
Australian Equities Common Fund



The Public Trustee Australian Equities Common Fund has over \$15 million of funds under investment in a range of shareholdings listed on the Australian Stock exchange. The year has once again been a difficult one for the Australian share market with an overall negative return despite some good recovery in the latter part of the year. However the performance of the Australian domestic market has been good when compared to other global equity markets. While in the short term capital values have been volatile, the long-term view is that fundamentals are sound and that the fund is well placed to take advantage as investor confidence returns. Income distributions from the common fund for 2003 have totalled 2.2 cents per unit with attached franking credits of 1.0 cent per unit. Unit value as at 30 June 2003 was \$0.8205.

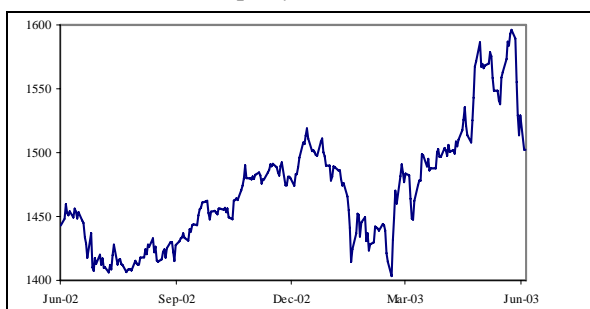
Australian Fixed Interest Common Fund

The Public Trustee Australian Fixed Interest Common Fund has funds of over \$8 million invested in a range of Australian corporate, government and semi-government securities. The fund has outperformed its benchmark, the UBS Warburg Australian Composite Bond Index. The fund managers advise that the main contributor to performance has been asset allocation including an under weight position in government bonds. Unit price as at 30 June 2003 was \$1.0083 and the fund delivered a pleasing net return of 7.9 cents per unit for the year.



Australian Listed Property Trust Common Fund

S&P/ASX300 Property Index – Last 12 Months



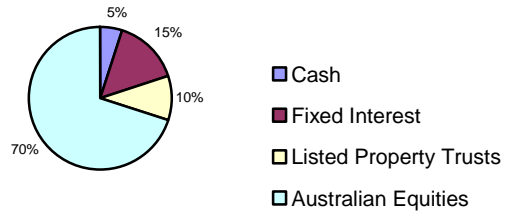
The Public Trustee Listed Property Trust Common Fund was launched in August 2002 and as at 30 June 2003 held over \$1.9 million in funds. The fund's portfolio includes a range of listed property trusts spread over retail, commercial, Industrial and other. The sector has performed strongly over the year and returns have been good. Unit value as at 30 June 2003 was \$1.0681. Income distributions for the year totalled 6.24 cents per unit of which 1.53 cents per unit were tax deferred.

Risk Profile Models

In compliance with the Trustee Act prudent person investment principles, trusts under administration are reviewed annually and assessed on fifteen criteria as to risk profile. On the basis of this analysis, a suitable investment asset allocation is applied. The major risk categories attributed to trusts under care are Growth, Balanced, Income Stable and Capital Secure.

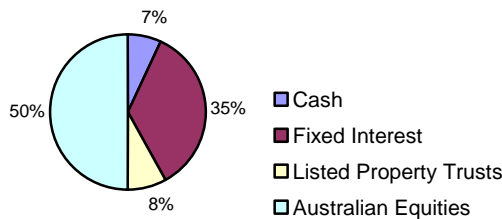
Growth Investment Fund Model Portfolio

With a high weighting in growth assets, this model is suitable for the larger and long-term trusts with a requirement for growth. The model is considered to have the greatest potential to grow in value over the long term but can be subject to short-term fluctuations. The tactical asset allocation is weighted towards the Equities and Property Trust sectors for greater exposure for growth to improve the real value of the fund and to deliver income tax advantages associated with capital gain and franked dividends.



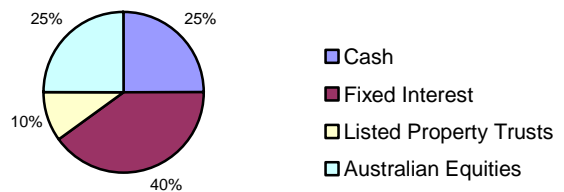
Balanced Investment Fund Model Portfolio

This model is suitable for medium term trusts and clients with a requirement of regular income and medium capital growth. It is particularly appropriate for life interest estates delivering the separate beneficiary classes with an income return for the life tenant and the potential for capital growth for the remainder persons. The model has a balanced spread of investments across the asset sectors.



Income Stable Investment Fund Model Portfolio

This model is designed for short term trusts and clients requiring regular and reliable income and some exposure to growth to protect the real value of funds against inflation. It is particularly suited to conservative clients or accounts of low risk profile requiring some diversification but with reduced risk of negative return.



Capital Secure Model Portfolio

This model concentrates all funds in the capital secure cash fund and is suitable for low value and short-term accounts. Where circumstances require some diversification without exposure to equities, a spread of up to 50% Fixed Interest and the balance in Cash is available in a category known as CashPlus.

