

### Portfolio Review

Australian Domestic Cyclicals & REITs underperformed over July reflecting the weakening domestic economy, with Discretionary Retail and Media by far the worst performing sectors. REITs underperformed due to the weakening retail environment, while Banks also underperformed, weighed down by very weak lending activity, which in turn was also a function of the weakening domestic economy. Growth in the domestic economy continues to be weak ex the Resources and Energy sectors and we retain low exposures to the media, retail, transport and building sectors.

The Eurozone sovereign debt crisis continued to occupy investors' minds, this time with Italy and Spain's fiscal situations the subject of increasing attention. Subsequent announcements by the EU of a series of measures to contain the crisis appeared to calm markets only to be overtaken by another crisis in the US as Congress and the US President waged a political battle over a proposed increase in the federal government's debt ceiling. The impasse over increasing the debt ceiling raised the spectre of a possible default by the US government. Soft recent economic data from the US is also disappointing.

Not surprisingly, concerns about the US economy and government's ability to rectify the problems is seeing investors once again flee riskier asset classes. These risks are being magnified by contagion risks around Euro sovereign debt with potential implications for European banks. The market is beginning to price in the chance of a potential double dip in the US while the near term macro data will do little to dispel this concern.

Gold hit a new record high above \$1,600 per ounce on rising risk aversion over the European sovereign debt crisis and US debt ceiling impasse and we continue to believe the backdrop for gold remains highly constructive. After much fanfare and negotiation, the Australian Federal Government finally announced the details of its controversial proposed carbon pricing mechanism. From 1 July 2012, a fixed carbon price would start at \$23 a tonne, for three years.

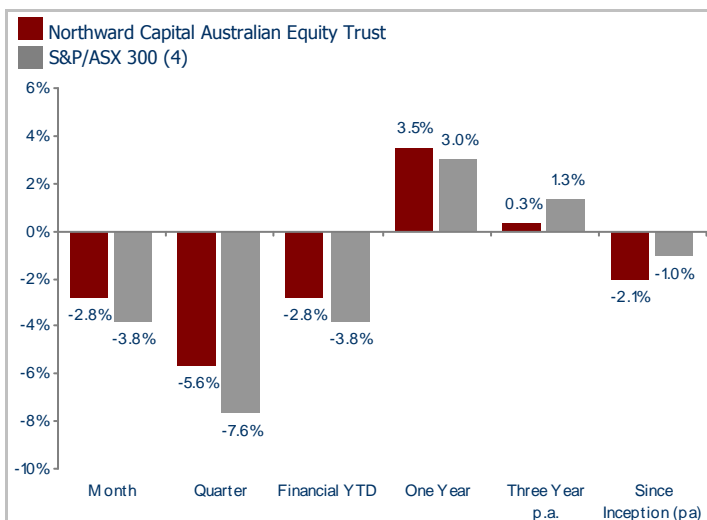
Portfolio transactions in July included increases in our holdings in Newcrest Mining, News Corporation, Fosters Group, and Woolworths. Holdings in Map Airports, ResMed and CSL were reduced, while we exited our position in Westfield Group.

### Fund Results

Portfolio Results	Month
Northward Capital Australian Equity Trust	-2.82%
S&P/ASX 300 (4)	-3.83%
<b>Value Added</b>	<b>1.01%</b>

Stock Contributors	Overweight (+) Underweight (-)
Macarthur Coal Ltd	+
Gloucester Coal Ltd	+
Eastern Star Gas Ltd	+
Henderson Group	+
Wesfarmers	-

Stock Detractors	Overweight (+) Underweight (-)
Telstra	Not held
News Corp CDI	+
Iluka Resources	Not held
Computershare Ltd	+
Suncorp Group	+



- (1) Market value of the investment as at month end was \$114.38 Million
- (2) Inception date is 11 April 2008
- (3) Returns for the trust are calculated from net unit prices (incl distributions) after fees but before taxes
- (4) Index was ex LPTs prior to 1 August 2009
- (5) Risk information calculated from monthly returns over rolling three year periods

### Fund Composition

#### Active Stock Positions

Underweights / Overweights versus benchmark

Stock	Weight	Monthly Stock Returns	Overweight (+) Underweight (-)
Transurban Group	3.4%	2.7%	-2.3%
Challenger Fin Ser	2.5%	2.3%	0.0%
QR National Ltd	2.8%	2.3%	-0.6%
News Corp CDI	2.7%	2.1%	-10.2%
Lend Lease	2.5%	2.1%	-1.2%
Comm Bank	5.1%	-2.0%	-5.8%
Wesfarmers	0.9%	-2.2%	-7.9%
NAB	2.1%	-2.8%	-6.3%
ANZ Banking	2.2%	-2.8%	-5.3%
Telstra (not held)		-3.4%	3.5%

#### Sector Diversification

Underweights / Overweights versus benchmark

Sector	Weight	Monthly Sector Returns	Overweight (+) Underweight (-)
Materials	33.9%	5.5%	-1.6%
Industrials	10.5%	3.5%	-0.7%
Consumer Discr.	6.1%	2.2%	-7.2%
Consumer Staples	10.3%	1.9%	-4.6%
Info Tech	1.8%	12%	-5.0%
Energy	7.4%	-0.2%	-3.8%
Health Care	3.0%	-0.3%	-4.8%
Utilities	0.4%	-0.9%	-1.7%
Telecomm Svc	0.0%	-3.7%	3.5%
Financials	25.7%	-4.3%	-6.2%
REITs	0.0%	-5.8%	-6.5%

Disclaimer:

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