

### Portfolio Review

Following large global equity market declines in September (MSCI World -8.8%, ASX300 -6.3%), equity markets rebounded sharply in October (MSCI World +10.3%, ASX300 +7.2%). The Resources (+9.1%) and Banks (+10.7%) sectors drove the rally, but most major GICS sectors gained in October. Commodity and oil prices also recovered during the month (CRB Index +7.3%, RBA Commodity price index -4.3% in USD terms, WTI Spot +17.8%).

Investor focus during October clearly remained centred on Europe, with Greece being the centrepiece. Commodity prices were particularly volatile while the macro data from the US generally surprised the market on the upside.

Investors looked to add risk to portfolios with the Energy, Banks and Resource sectors outperforming while the more defensive Telecom, Staples, Healthcare and Utility sectors all lagged.

We have boosted positions in more economically sensitive stocks and cut our cash holdings in recent times. We have also reduced our holdings in the Consumer Staples and Gold sectors, as well as gaining some exposure to a recovery in the domestic economy via Seven West Media and CSR and indirect exposure to the WA mining boom via the addition of Mineral Resources. We know there is widespread negativity towards equities as an asset class and that cash holdings amongst investors remain high. This is to be expected after such a protracted period of volatile trading sessions in off shore markets all year due to the lack of political leadership in Europe.

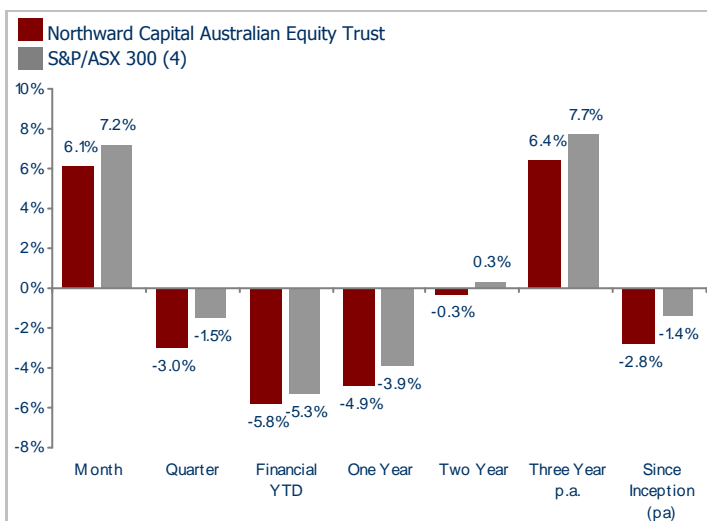
We have increased the cyclical bias in our model portfolio during October reflecting both attractive valuations and the potential for further improvement in macro sentiment pending some tangible resolution of the European sovereign debt crisis. Other portfolio changes of note include the addition of Fortescue Mining to the portfolio and increasing our holding in Whitehaven Coal. Holdings in Fosters Group, Map Airports, Woolworths and Newcrest were used to fund these up weights.

### Fund Results

Portfolio Results	Month
Northward Capital Australian Equity Trust	6.10%
S&P/ASX 300 (4)	7.23%
<b>Value Added</b>	<b>-1.13%</b>

Stock Contributors	Overweight (+) Underweight (-)
Western Areas	+
Iluka Resources	+
Telstra	Not held
Westfield Group	Not held
Wesfarmers	-

Stock Detractors	Overweight (+) Underweight (-)
Transurban Group	+
Woolworths	+
Resmed	+
Newcrest Mining	+
Crown Ltd	+



- (1) Market value of the investment as at month end was \$111.29 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
Transurban Group	(3.5%)	2.8%
QR National Ltd	(3.0%)	2.5%
News Corp CDI	(3.2%)	2.5%
Challenger Fin Ser	(2.4%)	2.2%
Brambles	(2.8%)	1.9%
Westfield Group (not held)		-1.5%
Comm Bank	(5.2%)	-2.1%
ANZ Banking	(3.1%)	-2.3%
Wesfarmers	(1.0%)	-2.5%
Telstra (not held)		-3.6%

#### Sector Diversification

Underweights / Overweights versus benchmark

Sector	Weight	Monthly Sector Returns
Industrials	(11.6%)	4.7%
Materials	(30.6%)	4.3%
Consumer Discr.	(6.3%)	2.4%
Consumer Staples	(9.4%)	0.7%
Energy	(7.8%)	0.3%
Info Tech	(0.0%)	-0.6%
Utilities	(0.8%)	-0.6%
Health Care	(2.5%)	-0.7%
Financials	(29.7%)	-2.0%
Telecomm Svc	(0.0%)	-3.9%
REITs	(0.0%)	-5.9%

**Disclaimer:**

MLC Investments Limited ABN 30 002 641 661, AFSL 230705 ("MLCI"), is the Responsible Entity of, and the issuer of units in, the Trust. Northward Capital Pty Limited ABN (97 113 618 938) (AFSL 294368) is the investment manager of the Trust. An investor should consider the Product Disclosure Statement for the Trust ("PDS") in deciding whether to acquire, or continue to hold, units in the Trust and consider whether units in the Trust is an appropriate investment for the investor, and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation.

Past performance is not indicative of future performance. Any projection or other forward looking statement ("Projection") in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by MLCI constitutes MLCI's judgment at the time of writing and may change without notice. An investment in the Trust is not a deposit with or liability of National Australia Bank Limited ("NAB") or any other member of the NAB group of companies ("National Australia Group") and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither MLCI nor any other member of the National Australia Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of MLCI, the Trust or Northward Capital Pty Limited.