

Fund Results

Performance in AUD

| | Quarter |
|---|--------------|
| NCP-Capital International Emerging Markets Equity Trust | 1.42% |
| MSCI Emerging Markets Index with net dividends reinvested | -0.43% |
| Value Added | 1.85% |

Contributors

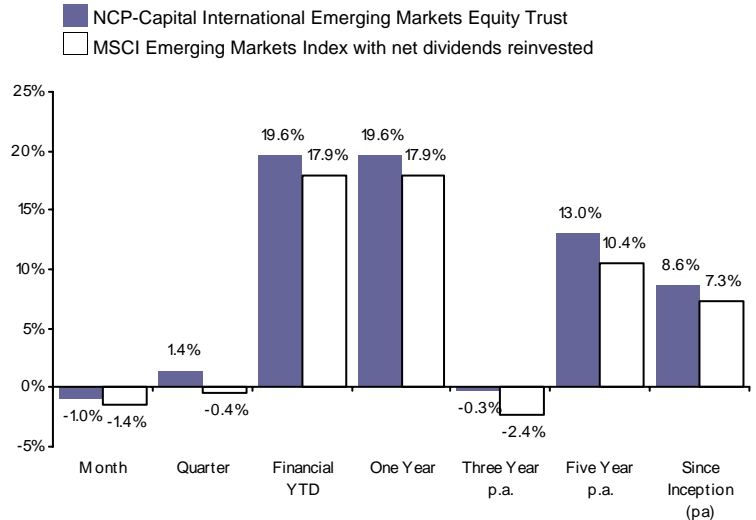
- Stock selection in Materials
- Stock selection in Financials
- Stock selection in Consumer Discretionary

Detractors

- Stock selection in Telecommunication Services
- Stock selection in Information Technology

Risk Information (4)

| | |
|------------------------|-------|
| Standard Deviation (%) | 17.51 |
| Tracking Error (%) | 4.31 |
| Information Ratio | 0.48 |



- (1) Market value of the investment as at month end was \$346.10 Million
- (2) Inception date is 31 October 1997. All returns are Gross.
- (3) Benchmark = MSCI Emerging Markets Index with net dividends reinvested.
- (4) Calculations based on monthly calculations over rolling 3 year periods
- (5) This portfolio does not allow hedging and has a maximum cash weighting of 5%

Performance Review

Summary

The MSCI EM Index finished the June quarter 0.4% lower. Against this modest fall in the benchmark, the portfolio delivered gains. Continuing themes seen during recent quarters, Asian and Latin American holdings drove portfolio returns. The portfolio outperformed the benchmark in each of the three months of the quarter. Although returns continued to be volatile during the period, the NCP-Capital International Emerging Markets Equity Trust ended the quarter up 1.4%. The main positive drivers of portfolio performance for the quarter were stock selection in Materials and Financials, as well as Consumer Discretionary. The main detractors from performance for the same period were stock selection in Telecommunication Services and Information Technology which hampered relative performance. As with the developed markets Europe's debt crisis continued to weigh heavily on emerging market performance, so too did continuing tightening of credit in China. The effects of uncertainty around the globe continues to be seen in the ongoing volatility of the market.

Materials

The June quarter saw stock selection in the Materials sector significantly contribute to portfolio performance. The story behind one of the key drivers is not an unfamiliar one. LG Chemical (South Korea) continues to rise as ongoing demand for lithium-ion batteries to be used in powering hybrid vehicles remains strong, the company ended the quarter 29% higher. The portfolio was quite significantly underweight Brazilian iron ore giant Vale and benefited accordingly as the company fell 17% during the period following China's preparations to start an anti-monopoly probe into the world's three leading iron ore miners. Indonesian cement firm Semen Gresik had a solid quarter with shares up 30% as net profits are estimated to exceed this year's targets.

Financials

Although the portfolio remains underweight to Financials, strong stock selection saw solid contributions to the portfolio's relative performance over the period. The sector edged marginally higher as general sentiment toward Financials continued to remain steady in the face of ongoing sovereign debt issues emanating from Europe. The broadly increasing appetite amongst investors for riskier assets continues with trading cited as an area of strength in an environment of less competition. Amongst those companies in the sector which performed well for the portfolio were HDFC (India) which was up 12% for the quarter on forecast-beating quarterly results.

Consumer Discretionary

Stock selection in Consumer Discretionary was positive during the June quarter. Astra International (Indonesia) was up 27% over the quarter as it booked a net profit up 61% compared to the same period last year. The result was a rise in the company's earnings by 38%. As South Korean tyre manufacturer Hankook exceeded its own expectations by posting first quarter operating profit of US\$191m, up 501% over the same period in 2009, the portfolio holdings in the stock also benefited, up 30% for the period.

Telecommunication Services

Last quarter we talked about mergers-and-acquisitions activity picking up in the Telecommunication Services sector. This quarter it seems there continues to be some activity in this space but in the opposite direction. Reliance Communications (India) benefited from news that it would sell its mobile telephone tower unit to help reduce debt. China Mobile (China) was one of the largest detractors from the portfolio's relative performance for the quarter as a result of being underweight. The company had a volatile quarter but ended up 16% as it announced profit growth which coupled nicely with general sentiment around China's capacity for growth for all players in its telecom market.

Information Technology

Information Technology detracted from the portfolio's relative performance during the quarter. Stock selection was negative with Chinese holdings in particular dragging down returns. Rechargeable battery manufacturer BYD (China) was down 18% for the quarter. Perfect World (China) is an online game developer and operator which is held in the portfolio, during the June quarter it fell 36% after announcing expectations of weak Q2 2010 sales figures.

| ✓ What Helped | ✗ What Hurt |
|---------------------|-------------------|
| LG Chem | Evraz |
| HDFC Bank | China Mobile |
| Petrobras | CNOOC |
| Vale | ICICI Bank |
| Semen Gresik | BYD |
| Hypermarcas | Anglo American |
| Reliance Industries | Aquarius Platinum |
| Anglogold | Perfect World |

Note: all stock and index returns are quoted in AU\$

Market Review

- Emerging markets equities were flat for the quarter as Europe's debt crisis and further credit tightening in China cast doubt on the pace of global economic growth.
- Although many European markets fell, smaller markets in Asia and Latin America registered gains over the quarter.
- Most developing markets currencies depreciated against the US dollar, but rose against the euro.
- The People's Bank of China indicated in late June that it would allow greater currency flexibility; the Chinese Renminbi inched up 0.7% against the US dollar.
- Despite the market volatility, emerging markets economies continued to expand as exports showed sustained improvement.
- Brazil, China and India grew at a rapid rate, giving policymakers some leeway to rein in inflationary pressures. Brazil and India lifted their key lending rates over the period.
- Chinese authorities stepped up efforts to curb speculation in the country's booming property market, including an increase in down payment requirements and a limit on loans for the purchase of third homes; the central bank also raised reserve requirements for the third time in 2010.

- Energy and Materials stocks weighed heavily on returns as most commodities fell. Information Technology also slumped following steep share price run-ups earlier in the year.
- Consumer-related stocks held up the best on the whole, especially Asian automakers. Shares of retailers in Asia and Latin America also advanced.
- Russian and Brazilian equities registered losses, hurt by falling commodity prices. Petrobras share prices were hampered by uncertainty surrounding its deal to buy oil reserves from the government; the company delayed a much-awaited \$25 billion share offering until September, further disappointing investors. Vale also dropped with iron ore prices tapering off on the heels of steep gains in the first quarter as producers shifted from annual contracts to quarterly contracts based on spot prices.
- Mexican stocks, which rose sharply in the first quarter, dipped slightly amid concerns about the global economic recovery. Chilean equities gained, with the economy proving resilient, despite the impact of February's earthquake.

Outlook and Strategy

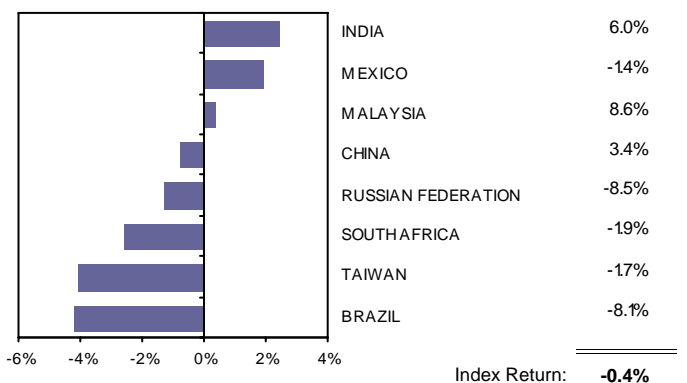
Concerns about the impact of the European debt crisis on the global economy are likely to linger in the near term. Several smaller emerging markets economies saddled with significant debt burdens, primarily those in Central and Eastern Europe, may also come under further pressure. Despite this, the developing world is generally in better shape than developed markets. Countries such as South Korea and Taiwan with substantial exports to Europe may experience some sluggishness as a result of decreased demand. Domestic economies should remain relatively strong on the whole, and trade between developing economies, particularly in Asia, should continue to grow.

Against this backdrop, Capital's portfolio managers and analysts favour consumer companies that are likely to benefit from credit growth and rising consumption in local markets. Capital also remain interested in infrastructure-related firms poised to gain from longer-term trends in urbanisation and development. In addition, managers continue to find opportunities in well-capitalised banks throughout Asia. Several analysts and managers also believe that further tightening efforts in China are likely to be more muted in upcoming months and are adding to investments in some Chinese financial companies, based on share price weakness. Energy and Materials companies that have unique access to natural resources also feature prominently in the portfolio, as do Technology and Telecommunications firms.

Fund Composition

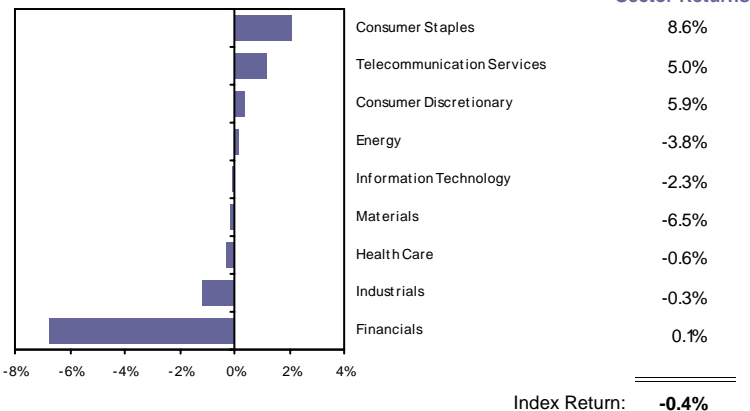
Country Diversification

- Underweights / Overweights versus MSCI World



Sector Diversification

- Underweights / Overweights versus MSCI World



Top 10 Holdings

| | Sector | Country | % | Description |
|----------------------|----------------------------|-------------|-----|---|
| Reliance Industries | Energy | India | 4.0 | Manufactures a wide range of synthetic textiles, petrochemicals and plastics. Also involved in oil exploration and production, and electricity generation and distribution. |
| HDFC Bank | Financials | India | 2.9 | Provides financial services and a wide array of commercial, transactional and electronic banking products. |
| Samsung Electronics | Information Technology | South Korea | 2.8 | South Korea's top electronics manufacturer and a global leader in semiconductor production. |
| America Movil | Telecommunication Services | Mexico | 2.6 | Latin America's largest cellular communications provider. |
| Gazprom | Energy | Russia | 2.5 | The largest gas producer and transporter in the Russian Federation. |
| LG Chem | Materials | South Korea | 2.3 | Major chemical company serving a variety of industries throughout the world. |
| Petrobras | Energy | Brazil | 1.8 | One of the world's largest oil companies. Engaged in exploration, production, refining, marketing and chemicals. |
| China Shenhua Energy | Energy | China | 1.8 | Coal-based energy and power distribution company in China. |
| Taiwan Semiconductor | Information Technology | Taiwan | 1.7 | One of the world's largest semiconductor manufacturers. |
| United Spirits | Consumer Staples | India | 1.6 | Major manufacturer and distributor of beer, wine, liquor and spirits based in India. |

In Focus: New Portfolio Names

Some of the new purchases within the portfolio during the quarter that reflect Capital's views include:

Huabao International is a Chinese supplier of fragrances and flavours for tobacco, food and household goods. Huabao is an attractive niche franchise in an expanding consumer market; investments in the company were increased this quarter based on our analyst's view of its long-term growth prospects and relatively low valuation.

Hynix Semiconductor is one of the world's largest chip makers. The South Korean firm is well placed to benefit from increased global demand for smartphones and other portable devices. Our analyst also has a positive view on recent management changes and the company's ability to further deleverage its balance sheet in the wake of restructuring efforts.

Bank Mandiri is Indonesia's largest bank. The company has implemented effective cost-control measures and posted better-than-expected profits over the last year. Although Bank Mandiri's CEO was recently named Indonesia's new minister of finance, he has left behind a strong management team. Our analysts believe the company is likely to develop its businesses and further expand its foothold in the fast-growing Indonesian market.

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