

Portfolio Review

The ASX300 finished November down 3.4%, with renewed concerns around a potential European financial meltdown once again being the main culprit. The rescue package put forward by the EU in late October was quickly discounted, while increasing yields on Italian and Spanish bonds saw solvency concerns shift to the larger economies. Investors remain fixated on Europe, attempting to decipher the myriad of possible outcomes and implications which might arise.

Equity markets have seen unprecedented swings this year, exacerbated by global economic concerns. The S&P 500 has moved an average 1.7% each day since July 2011, compared with 0.8% daily in the nine years before September 2008, when Lehman Brothers collapsed. Speculation about whether Greece, Ireland and Portugal will avoid default and the fate of Eurozone is drowning out solid US company profit results and keeping the Dow Jones and the ASX300 range bound. The correlation between U.S. stocks and the Euro (72% vs 49% previous 11 years) has markedly increased on concern about the bailout championed by German Chancellor Merkel and French President Sarkozy.

Domestic economic data was mixed in November. Credit growth remains weak outside the mining sector and house prices fell for the 10th consecutive month, while employment data was marginally stronger than expected, all of which has seen the RBA finally commence a new easing cycle.

With investor sentiment remaining cautious we have increased cyclical exposures in light of the significant recovery potential, while remaining cognisant of the potential for further downside risks from Europe. We have reduced our Consumer Staples positioning and added domestic cyclical SWM and CSR, while adding exposure to the mining services volume thematic via contractor/iron ore producer Mineral Resources.

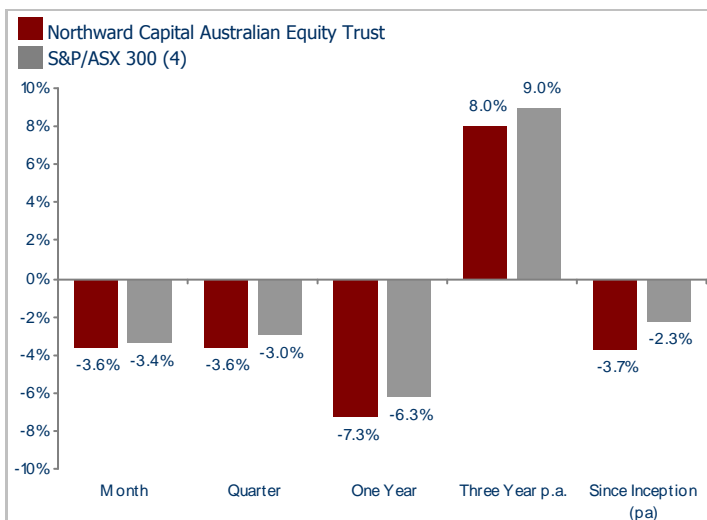
Portfolio transactions in November included increases in our holding in Fortescue Metals, Mineral Resources and Seven West Media, while new stocks added to the portfolio were Primary Healthcare and AMP. Positions in Woodside Petroleum and Map were reduced in November, while positions in Treasury Wine Estates and Fosters Group were exited during the month.

Fund Results

Portfolio Results	Month
Northward Capital Australian Equity Trust	-3.59%
S&P/ASX 300 (4)	-3.44%
Value Added	-0.15%

Stock Contributors	Overweight (+) Underweight (-)
Transurban Group	+
Brambles	+
Gloucester Coal Ltd	+
QR National Ltd	+
Amcor	+

Stock Detractors	Overweight (+) Underweight (-)
Telstra	Not held
Energy Resources Aus	+
Westfield Group	Not held
Henderson Group	+
Challenger Fin Ser	+



- (1) Market value of the investment as at month end was \$107.35 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 (3.9%)	3.1%	7.1%
QR National Ltd (3.2%)	2.7%	2.1%
News Corp CDI (3.4%)	2.6%	-0.1%
Brambles (3.1%)	2.1%	6.6%
Challenger Fin Ser (2.3%)	2.1%	-8.1%
Westfield Group (not held)	-1.7%	6.5%
Comm Bank (5.2%)	-2.2%	-3.8%
ANZ Banking (3.0%)	-2.2%	-4.8%
Wesfarmers (1.0%)	-2.5%	-6.1%
Telstra (not held)	-3.9%	1.9%

Sector Diversification

Underweights / Overweights versus benchmark

Sector	Weight	Monthly Sector Returns
Industrials (12.9%)	5.6%	0.4%
Materials (30.2%)	4.8%	-6.2%
Consumer Discr. (6.7%)	2.8%	-3.6%
Health Care (3.7%)	0.2%	1.8%
Energy (7.3%)	-0.2%	-4.3%
Info Tech (0.0%)	-0.7%	-0.2%
Utilities (0.8%)	-0.7%	1.3%
Consumer Staples (7.9%)	-1.1%	-1.9%
Financials (28.7%)	-2.2%	-4.9%
Telecomm Svc (0.0%)	-4.2%	1.8%
REITs (0.0%)	-6.3%	2.7%

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