

### Portfolio Review

Internationally, markets started the month well continuing the previous month's rally on strong economic data, particularly from the US. However, from mid-month the mood turned bearish as global markets were hit by: 1) the volcanic eruption in Iceland that temporarily disrupted European air travel; 2) the US SEC launching a civil lawsuit against Goldman Sachs; and 3) a re-emergence of the Euro zone debt crisis.

As far as markets were concerned, the biggest eruption during the month was the widening Euro zone debt crisis, reactivated by credit rating agency Standard & Poor's downgrading Greek sovereign debt to "junk" status. Long-awaited fears of contagion crystallised, with subsequent downgrades of Spain and Portugal. This saw Mining & Metals stocks underperform over the month, helped by China announcing a series of measures designed to cool the country's red-hot property market. This included raising the down-payment on first homes of more than 90 square metres to 30% from 20%, and raising down-payment requirements on 2nd homes to 50% from 40%. As noted in our last quarterly report, we are concerned about the property speculation that appears to be occurring in China.

On any normal Western definition of property market fundamentals, some of the cities appear to be exhibiting classic bubble characteristics. This concerns us from the perspective of the level of sustainability of Australia's supply of iron ore and other metals into China.

Here in Australia, employment data showed continued jobs growth, but consumer and housing data gave more mixed signals - Q1 CPI was at the higher end of expectations. It does appear to us the consumer is beginning to ease back on spending post the stimulus fade, as well as feeling the pinch from rising interest rates, hence our nil holding of discretionary retailing stocks. We would also be more circumspect about expectations for housing volumes and demand going forward.

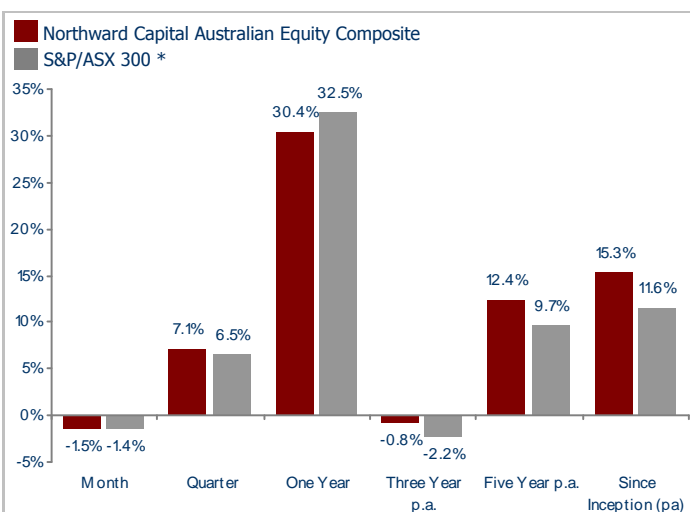
Turnover was moderate in April. We increased our weightings in Lend Lease, Challenger Financial Group, Qantas, Resmed and Nufarm, while reducing our weightings slightly in Sonic Healthcare and CSL.

### Fund Results

Portfolio Results	Month
Northward Capital Australian Equity Composite	-1.51%
S&P/ASX 300 *	-1.35%
<b>Value Added</b>	<b>-0.16%</b>

Stock Contributors	Overweight (+) Underweight (-)
Wesfarmers	Not held
BHP Billiton	-
CSL Ltd	-
ANZ Banking	-
News Corp	+

Stock Detractors	Overweight (+) Underweight (-)
Rio Tinto	+
Telstra	-
Lihir Gold Limited	Not held
Westfield Group	Not held
Asciano Group	+

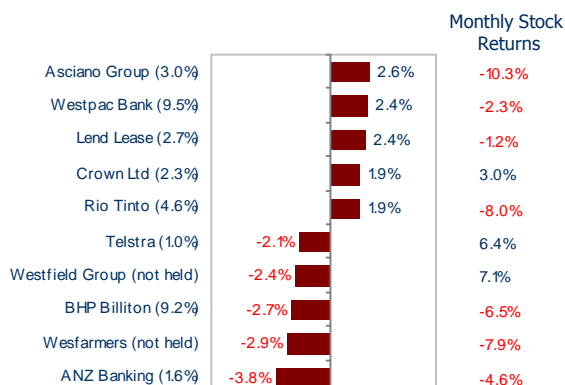


- (1) Market value of the investment as at month end was \$2,510.80 Million
- (2) Inception return is calculated from 1 June 2004
- (3) Returns are calculated gross - before taxes, before fees
- (4) \* Benchmark was S&P/ASX 300 ex LPTs prior to 1 May 2009
- (5) Composite of accounts with similar benchmark (11 accounts in current month)
- (6) Risk stats (where applic) based on mthly returns over rolling 3 year periods

### Fund Composition

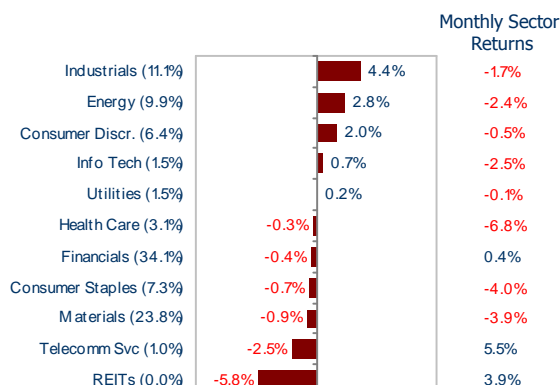
#### Active Stock Positions

Underweights / Overweights versus benchmark



#### Sector Diversification

Underweights / Overweights versus benchmark



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