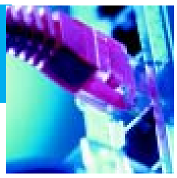
Wholesale Global Equity – Technology Fund



June 2001

Taxation Basis
Australian unit trust
Investment Horizon
minimum 5 yrs
Income or Growth
growth
Risk Profile
high
Inception Date
2 March 2001 (underlying pool 27 August 1999)
Star rating
☆☆☆☆

Investment Manager

Peter Anastos
Senior Vice President, Alliance US and Portfolio Manager.

Co-manager Peter Anastos has 32 years investment experience and has been with Alliance US for 22 years. His areas of expertise include computer networking and Internet Software.

Gerald T. Malone
Senior Vice President, Alliance US and Portfolio Manager.

Mr Malone has 22 years investment experience, the last eight being at Alliance US. His areas of expertise include PC's/peripherals, workstations/servers, consumer software, database software, case software and video conferencing.

The aim of the Wholesale Global Equity - Technology Fund is to provide investors with long term capital growth.

The portfolio managers use a bottom-up style that focuses primarily on stock picking. Heavy reliance is placed on fundamental analysis and research, to identify companies with a track record of profitability, innovation, management strength and robust brand, coupled with the potential for technological advancements. Reflecting their emphasis on stocks with long term growth prospects, the portfolio managers prefer to hold stocks long term. Stocks may be traded in response to changing company fundamentals, but generally, the Fund does not actively pursue short term windfall gains in the technology sector.

Typically, this Fund will hold a diversified portfolio of around 50-60 stocks in listed technology companies that:

- engage in activities and / or research assessed as having significant potential commercial impact and broad market appeal;
- occupy an industry-dominant position;
- treat ongoing innovation as a crucial element of corporate strategy; and
- demonstrate a proven management track record.

The Fund may also invest in shares in new or less seasoned companies.

Up to 25% of the Fund's investments could be outside the US. The Fund's investments in foreign markets will generally be exposed to the currency of that market. Where the situation warrants it, in the opinion of the portfolio managers, this exposure may be cross hedged into other currencies.

When the Fund is not fully invested in shares it may hold fixed interest, cash and / or other similar money market securities.

Investment Manager - Alliance Capital Management Australia Limited

The success of the Alliance Capital Group as an investment manager for the past 28 years is based on its in-depth research capabilities. Combined, its research, portfolio management and trading staff includes more than 530 experienced professionals, including 260 research analysts whose expertise encompasses stock and bond markets worldwide, including emerging markets.

The Alliance Capital Group is a leading global investment management organisation founded in 1972 as an investment management subsidiary of the research boutique Donaldson, Lufkin & Jenrette. Today it is a private partnership that is an affiliate of AXA Financial.

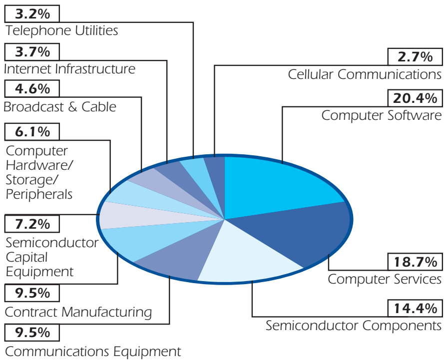
Alliance Capital Management Australia Limited was established in February 2001 as a joint venture partnership between AXA Asia Pacific and the New York based Alliance Capital Group.

Since its founding, the Alliance Capital Group has grown significantly, becoming a leading global investment manager. Its mission is to be the premier global investment management organisation, through superior performance across a broad range of disciplines for a diverse group of clients. The Alliance Capital Group manages approximately US$433 billion in assets under management (as at 31 March 2001).

Top Ten Holdings as at 31 March 2001

First Data	Computer Services	5.3%
Amdocs	Telecom/Commerce Billing	4.9%
DST Systems	Mutual Fund Growth	4.6%
Micron Technology	DRAM Cycle	4.4%
Dell	Computer Hardware	4.3%
AOL Time Warner	Internet/Content	3.9%
Ebay	Internet Auctions	3.3%
Microsoft	Computer Software	3.1%
Nokia	Communications Equipment	3.1%
Cisco Systems	Bandwidth Bottlenecks	3.0%

Sector Allocations as at 31 March 2001



Performance as at 30 June 2001

	Alliance Capital Return			S&P500 Index Return			NASDAQ Composite Return		
	AUD $ Return (%)	Aust/NZ Dollar Exchange Effect %	NZD$ Return (%)	AUD $ Return (%)	Aust/NZ Dollar Exchange Effect %	NZD$ Return (%)	AUD $ Return (%)	Aust/NZ Dollar Exchange Effect %	NZD$ Return (%)
3 month	10.30%	4.88%	15.18%	1.70%	4.50%	6.20%	12.90%	5.00%	17.90%
1 year	-32.00% p.a	-0.73% p.a	-32.73% p.a	0.70% p.a	-1.08% p.a	-0.38% p.a	-35.50% p.a	-0.69% p.a	-36.19% p.a
3 year	20.00% p.a	2.07% p.a	22.07% p.a	11.00% p.a	1.91% p.a	12.91% p.a	11.90% p.a	1.93% p.a	13.83% p.a
5 year	27.40% p.a	2.31% p.a	29.71% p.a	24.90% p.a	2.27% p.a	27.17% p.a	23.50% p.a	2.24% p.a	25.74% p.a
7 year	30.70% p.a	0.50% p.a	31.20% p.a	23.90% p.a	0.47% p.a	24.37% p.a	-	-	-

The Fund started in March 2001. The table illustrates actual performance details for the period from 1 April 2001, and indicative performance prior to that date being the performance of the underlying Alliance Capital portfolio using the same investment style and process.

Market commentary and outlook

The good news for future investors is that the Fund is experiencing the best relative performance in a long time, more than 500 basis points now versus the Lipper Index.

Record volatility levels were set in 2000 and this volatility seems to be as high as ever. There is a possibility returns will be range-bound over the next few months. The down side could be limited by the US Federal Reserve action and anticipation of a US tax package, while the up side could be limited by the fact that we're still in a period of declining earnings estimates. So, the game now on Wall Street is what day and maybe even what hour NASDAQ is going to bottom and that's a difficult game to play. The more important issue is to locate and buy those stocks that are down to a point where the businesses can be purchased at attractive valuations.

A year ago everybody had a love affair with tech stocks and money was streaming into technology mutual funds. Now it's going out. Front-page stories discussed how we were entering the new economy. Now the front-page stories talk about how much money was invested in information technology and the period of digestion that lies ahead. The idea ingrained into people over ten years was to buy technology stocks on dips and, of course, sell them on recoveries. A year ago, all rating changes on Wall Street were upgrades and now all rating changes on Wall Street, or most of them anyway, are downgrades. So, a year ago it was very simple and that's what created the peak. Now, it seems equally simple - avoid technology stocks. This would appear to characterise a bottom, although it is difficult to predict exactly when the market will bottom.

In the meantime, the NASDAQ is down approximately 60% from the peak. The US Federal Reserve will continue to cut rates. There are significant amounts of cash on the sidelines, huge short positions in technology stocks by hedge funds, and valuations that are at quite reasonable levels. Analysis of a series of valuation dips and recoveries over a 25 to 30 year time period indicates we're back to fairly reasonable valuations. This indicates the underpinnings are set for a strong business recovery in 2002.

Notes: 1. In the above article references are made to the Lipper Index. This is the benchmark adopted by Alliance in the US for the technology sector. However, in Australia, the performance of the Wholesale Global Equity - Technology Fund is measured against the S&P 500 Index (Total Return) and the Nasdaq Composite Total Return Index as these indices are more recognisable within the Australian market.

2. References to market movements in the above article are in US dollar terms. During the March quarter, the Australian dollar depreciated by 13% against the US dollar. This fall provides a large positive contribution to performance for investors in Australia, especially for funds that are denominated in US dollars. A depreciating dollar amplifies gains made in offshore markets and reduces the extent of any adverse movements. Likewise, a rising Australian dollar has the opposite effect.

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