

**Special update - 23 October 2008****Australian Monthly Income Fund**

The Federal Government has recently announced an unlimited deposit guarantee that applies to a range of bank and non-bank authorised deposit-taking institutions. This announcement has created concerns amongst some investors about the security of income investments not covered by this guarantee. AXA's Australian Monthly Income Fund (AMIF) has experienced increased redemption requests since the Government's announcement. Despite this increase, AMIF maintains sufficient liquidity to meet this pattern of redemption.

However, the rate of redemptions increased sharply this week following some research houses placing the entire mortgage sector on a 'hold' rating, citing the Government's guarantee as likely to result in increased investor redemptions.

Accordingly, National Mutual Funds Management Ltd (referred to as 'AXA' or 'we'), the Responsible Entity of AMIF, has decided to extend the withdrawal timeframes for AMIF from daily to a period of up to six months. This extension is effective from 11.00 am 23 October 2008. Monthly income distributions from AMIF will continue to be paid as normal. AMIF will continue to accept applications and distributions may be reinvested.

As AXA's Wholesale Australian Monthly Income Fund (WAMIF) invests predominantly in AMIF, the withdrawal timeframe for WAMIF will also be extended to a period of up to six months with effect from 12.00 noon 23 October 2008.

AXA believes that given the current environment it is in the best interests of unit holders to extend the withdrawal timeframe. This decision has been taken to preserve equity between all unit holders in response to a rapid acceleration in the flow of redemption requests from AMIF and similar funds in our industry.

AMIF remains a strong fund performing in line with its objective of providing a competitive income return on a monthly basis. Launched in July 2000 AMIF has an excellent profile, winning the last three Standard & Poor's Fund Manager of the Year - Australian Mortgage Funds awards. AMIF offers the following:

1. All loans are secured by first ranking mortgages and there are no related party loans.
2. The portfolio currently has just 1 per cent exposure to residential property.
3. There is no gearing, and AMIF largely avoids exposure to lending for construction and development purposes.
4. The portfolio's average loan to value ratio (LVR) is a conservative 57.10 per cent (as at 30 September 2008).
5. Historically AMIF has had very low levels of arrears reflecting the quality of the loan book.
6. As at 23 October AMIF has no interest arrears.
7. Liquidity is carefully managed – AMIF currently holds approximately 16 per cent in cash and 15 per cent in fixed interest.
8. Consistent geographic and industry diversification, reflecting the stringent mortgage selection process undertaken before each loan is approved.
9. Members of AXA's Commercial Lending team possess an average 30 years' credit management experience in both bank and non-bank lending and have managed mortgage assets through varying credit cycles.

This is an evolving issue and we will continue to monitor the situation and keep you informed.