



SHAREHOLDER REVIEW 2009

Company Profile

Where we started

Equity Trustees Limited was established as a trustee and executor service provider by a special act of the Victorian Parliament in 1888. We are a publicly listed company on the Australian Securities Exchange.

What we do

We are a financial services institution offering a comprehensive range of financial products and services aimed at growing, managing and protecting wealth.

Our specialist services include providing estate management services, trustee services, legal, financial and taxation advice, personal investment advice – including superannuation – and responsible entity services for external fund managers.

We assist not-for-profit and charitable organisations with their services and financial product needs and offer philanthropy advice to families and individuals seeking to establish charitable trusts.

Where we're headed

We have come a long way in 121 years from our origins as a trustee company. Today we are a dynamic financial services institution, and will continue to grow the breadth and quality of the products and services we offer.

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2009 Results at a Glance

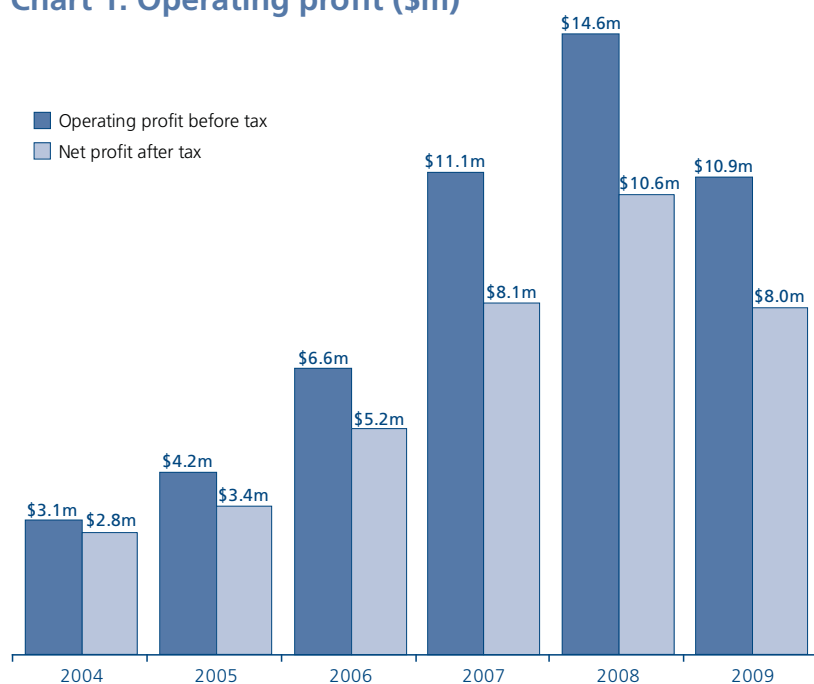
Overview – group results

	2009	2008	
Operating revenue	\$33.8m	\$39.2m	(13.7%)
Operating expenses	\$22.9m	\$24.6m	(7.2%)
Operating profit (pre-tax)	\$10.9m	\$14.6m	(24.7%)
Profit from sale of investments (pre-tax)	\$0.3m	\$0.2m	
Net profit (pre-tax)	\$11.2m	\$14.8m	(23.8%)
Income tax expense	(\$3.2m)	(\$4.2m)	
Net profit (after-tax)	\$8.0m	\$10.6m	(24.2%)
<hr/>			
Earnings per share (basic)	98.45¢	133.35¢	(26.2%)
Dividend per share (full-year, fully franked)	110¢	110¢	Maintained
Operating margin (pre-tax, excluding gains on the sale of investments)	32.4%	37.1%	

Overview of 2009 financial year

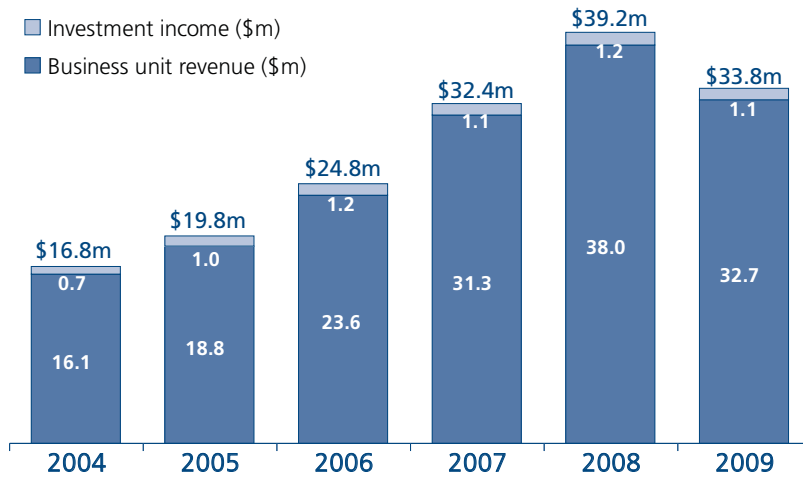
- Lower profits, the direct impact of depressed investment markets.
- Sound underlying profitability, healthy operating margin, albeit in both cases below last year's record highs.
- Strong cash flow generation.
- Strong balance sheet, cash reserves, and no debt.
- Business units and staff responded well to a difficult operating environment
- Full year, fully franked dividend maintained at 110¢ per share.

Chart 1. Operating profit (\$m)



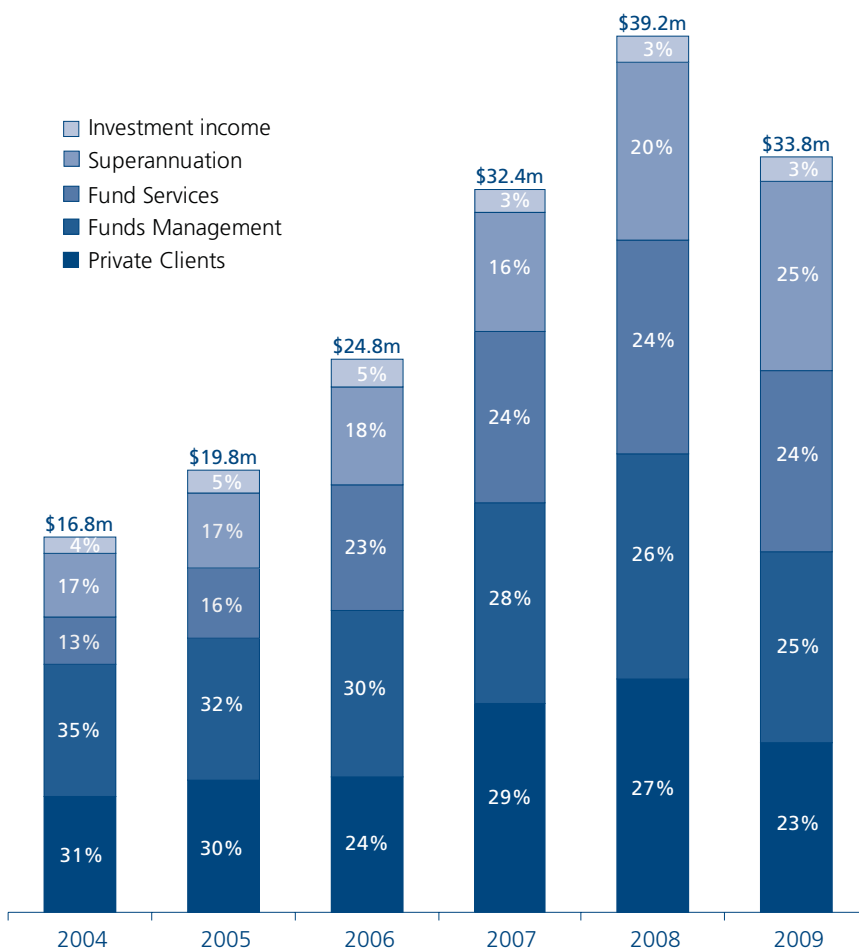
- Operating profit before-tax down 24.7% to \$10.9m.
- Net profit after-tax down 24.2% to \$8.0m.

Chart 2. Operating revenue (\$m)



- Operating revenue down 13.7% to \$33.8m.

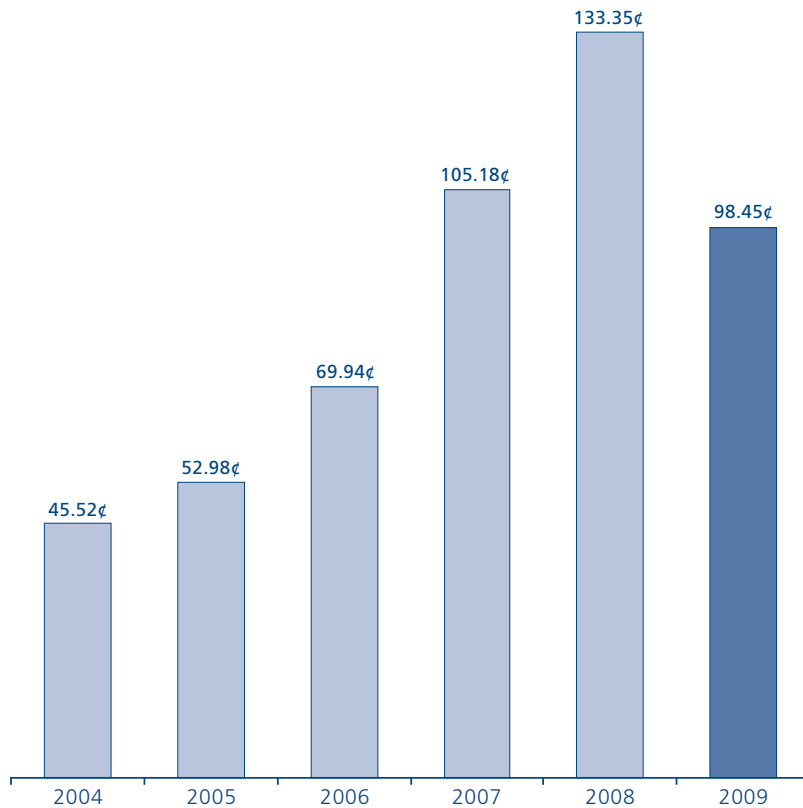
Chart 3. Operating revenue – composition (\$m)



- An even spread of revenue across business units.
- Diversified income streams across a broad range of clients.

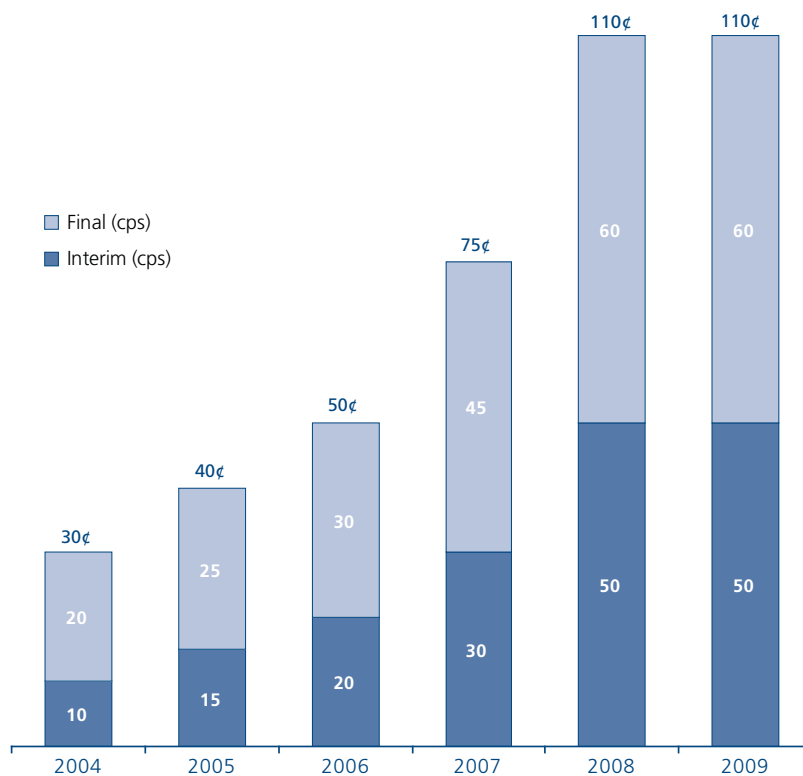
2009 Results at a Glance (cont.)

Chart 4. Earnings per share (¢ per share)



- Earnings per share down 26.2% to 98.45¢ per share.
- Weighted average shares on issue up 2.7% to 8.138 million shares.

Chart 5. Dividend per share (¢ per share)



- Full-year, fully franked dividend maintained at 110¢ per share.
- 50¢ per share interim dividend paid.
- 60¢ per share payable in respect of the final dividend.

Chairman's Review

The 2009 financial year was the most turbulent in recent memory yet Equity Trustees has maintained sound underlying profitability, has generated strong operating cash flows and retains a robust balance sheet with no debt.

Despite lower profitability and an operating environment which continues to challenge, the Board decided to maintain the full year dividend, at 110¢ per share, fully franked.

Throughout the year our business units and staff responded well to the challenges of their operating environment. Longer-term shareholders will know that the company has a well established strategic plan in place, which was formulated in 2003 and is reviewed on an annual basis by the Board and company management.

As the impact of the global financial crisis became apparent, the Board made the decision to support our strategic plan thereby retaining planned investment in core resources – specifically our people and our systems.

Staffing levels were maintained and work continued on a new generation system to increase productivity and improve service levels. Other expenses were managed very closely. Fresh opportunities for new revenue generation were actively explored.

The underlying health of the Equity Trustees business and its positioning in growth markets combined to persuade the Board that continuing investment in a time of difficulty would pay off as markets recover, as indeed we are beginning to see at the time of writing.

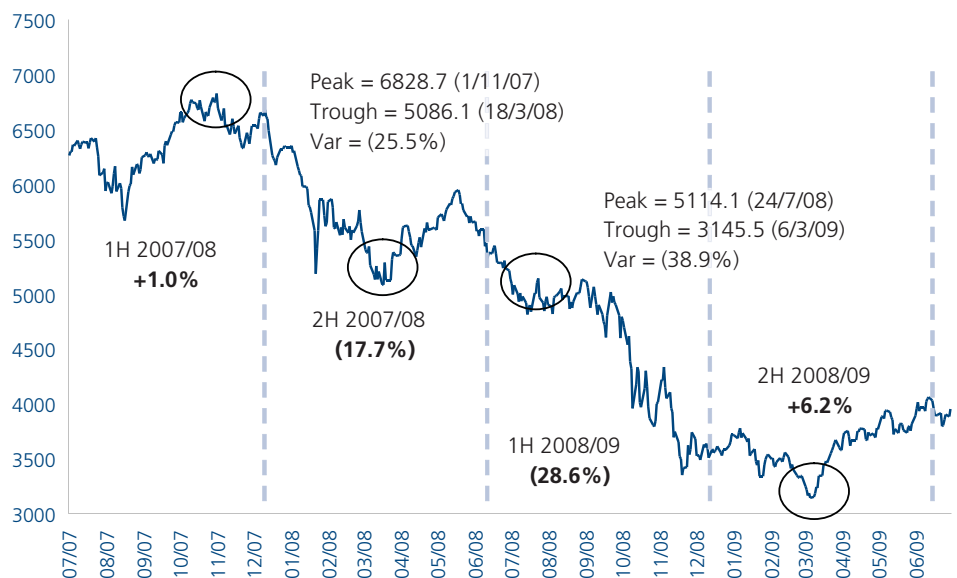


Although the current operating environment continues to be testing, and short-term pressures on profitability persist, the strength of our planning, and the capacity of our management and staff, give us every confidence that Equity Trustees can return to a healthy growth profile as markets recover and economic conditions improve.

Financial overview

The table on page 4 of this review provides an overview of Equity Trustees' financial performance during the 2009 financial year.

Our key performance indicators reflect the severe operating conditions that our business faced during the year. Operating revenue was down 13.7% to \$33.8m (vs \$39.2 in 2008) while net profit after-tax was down 24.2% to \$8.0m (\$10.6m in 2008). Earnings per share suffered a similar decline to 98.45¢, a 26.2% fall (from 133.35¢ in 2008). The Board's earlier guidance to the market had been to expect a fall in profits in the order of 25-30%.



Chairman's Review (cont.)

The impact of the global financial crisis was profound and I refer to the performance of the S&P/ASX 200 index as an illustration of the severity of the crisis.

The graph on the previous page shows the performance of the index over 2008 and 2009 financial years. As the table below indicates, the index fell by 37% from the beginning of the 2008 year until the end of the 2009 year and by almost 54% from its peak to its trough during the same period.

	2007/08	2008/09	07/2007-06/2009
S&P/ASX200 year on year	(16.9%)	(24.1%)	(37.0%)
S&P/ASX200 peak vs trough	(25.5%)	(38.9%)	(53.9%)
EQT operating revenue	+21.2%	(13.7%)	+4.5%

By contrast, Equity Trustees' operating revenue actually rose by 4.5% over these two years, while the 13.7% decline in 2009 revenues compares with a 24.1% decline in the index from the start to the end of the year, and a 38.9% decline from the peak to the trough.

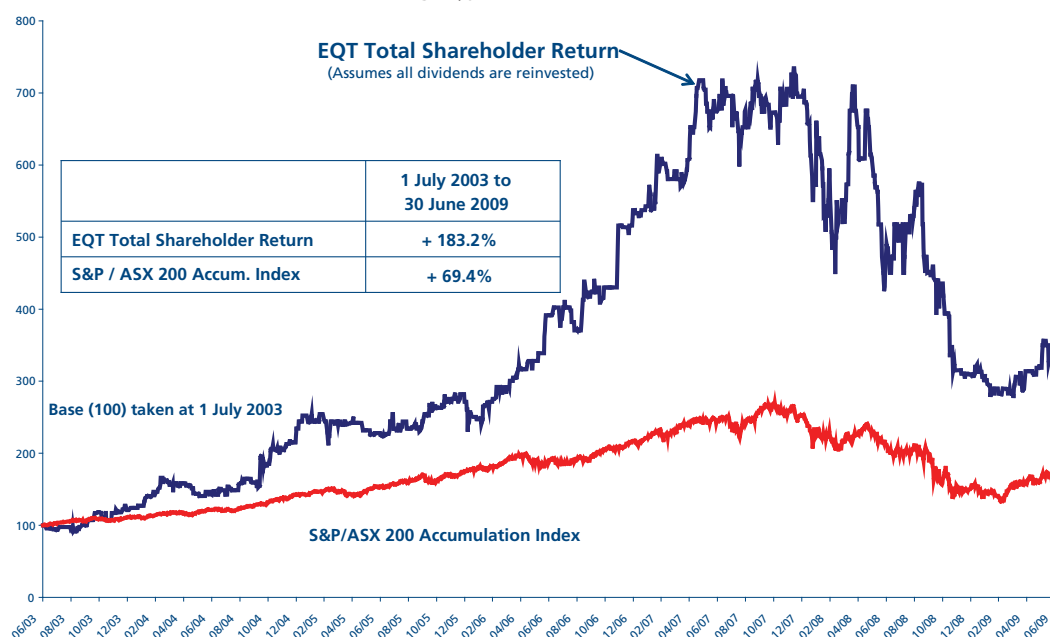
Returns to shareholders

As mentioned in my introductory remarks, the Board has maintained the full-year dividend at the same level as the previous financial year (110¢ per share). This comprises a final dividend of 60¢ per share and an interim dividend of 50¢ per share announced at the half-year results. All dividends are fully-franked.

The maintenance of dividend levels in the current financial environment reflects the Board's confidence in the underlying fundamentals of the business, strong operating cash flow generation, a strong balance sheet (including no debt), and a large bank of franking credits. It also reflects on the one hand, our desire to support loyal shareholders through a difficult period on investment markets, and on the other hand, our confidence that shareholders would in turn support any capital raising(s) required to complete significant acquisitions in the future.

I stress that the Board's longer term policy in respect of dividends remains unchanged. It is our intention in normal circumstances to pay dividends representing 70-90% of after-tax profit (including profit on the sale of investments).

Despite recent market turbulence Equity Trustees' shareholders continue to enjoy a relatively robust share price. Between 1 July 2003 and 30 June 2009, Equity Trustees' total shareholder return ("TSR") was 183.2% (this assumes the reinvestment of dividends paid over that timeframe). The corresponding return on the S&P/ASX 200 Accumulation Index was 69.4%. The company's TSR (183.2%) represents a compound annual rate of return of 23.2%.



Strategic direction

Equity Trustees' strategic goals are as follows:

- Secure future revenue streams through our four business units – Private Clients, Funds Management, Fund Services and Superannuation;
- Provide resources to our business units through the activities of our marketing, information technology, human resources, finance and operations teams;
- Improve profit margins through a focus on efficiency;
- Seek increased sales and high levels of client retention for organic growth; and
- Expand by acquisition for step growth.

These goals were established in 2003 and were the platform for the company's growth between 2004 and 2008. The global financial crisis has had an impact upon the company's growth profile however the Board and management remain committed to our strategic direction as a means of maximising performance during the downturn and positioning Equity Trustees for growth as markets return to a more favourable setting.

As a service provider in a highly competitive market place, Equity Trustees' people, processes and systems represent the intellectual property that enables the firm to deliver above normal returns to shareholders. Under Peter Williams' leadership, Equity Trustees has significantly improved its standards in each of these areas and the Board is satisfied that ongoing investment is prudent.

Peter, his management team and all staff are to be congratulated for the manner in which they have positively addressed a difficult external environment and adjusted their activities in response.

While Equity Trustees did not make any acquisitions in the 2009 financial year, this was not due to a lack of activity in assessing potential targets but rather a lack of appropriate opportunities. I stress that the company will seek to grow through acquisition only where benefits for all stakeholders are apparent. It is likely that acquisition activity in the financial services market will increase in the aftermath of the global financial crisis. Our balance sheet strength places us well to respond when appropriate to do so.

I am very pleased to report that acquisitions made in past financial years – including Freedom of Choice, Mutual Benefit Consulting, Holdfast Fund Services and Templetons Superannuation Services – all contributed positively to earnings in the 2009 financial year.

Balance sheet – capital management

I have made mention on several occasions that Equity Trustees has no debt on its balance sheet. This is a significant benefit to shareholders in that a by-product of the global financial crisis is that the availability of credit has significantly reduced, leading to the cost of credit significantly increasing. Equity Trustees does not need to address such issues in the operation of our business.

The company's net asset base of \$52.9m (vs \$52.0m in 2008) remains strong. Importantly our liquid asset base (comprising cash and other current financial assets) remains at a comparable level with 2008, easily meeting our primary capital management goals, being to meet all regulatory requirements and all day to day operational requirements. Our capital base also provides flexibility for appropriate acquisition opportunities.

Of equal importance is that Equity Trustees was not required to make any impairment charges against any of our recent acquisitions while the mark-to-market impact on our investment portfolio was minimal.

Remuneration

Equity Trustees maintains a remuneration structure that is aimed at attracting and retaining high calibre staff, and rewarding them commensurate with the returns they deliver to shareholders. We actively benchmark staff performance and remuneration against industry standards. Aside from base remuneration, staff at all levels of the organisation are eligible for short-term incentives, while some staff are also eligible for long-term incentives (a share based scheme). All incentives are performance based and payable only if the company meets pre-determined targets, which are aligned with the interests of shareholders.

Chairman's Review (cont.)

Due to the deterioration in profitability in 2009 no short-term profit based incentives were paid to any Equity Trustees staff in respect of that year. In addition, the Board has taken the decision to freeze base remuneration for all staff, including the directors, with an exception being made only if a staff member's responsibilities have changed significantly or where a staff member's remuneration is mismatched with responsibilities or performance.

This is a short-term measure aimed at protecting profitability and maintaining employment levels. The Board will continue to monitor the company's remuneration policies in light of market conditions.

Managing Director

The Board announced in July that Peter Williams had indicated his desire to retire towards the end of 2009.

Peter joined Equity Trustees in 2003 and has been an outstanding Managing Director – overseeing the strongest period of growth in the company's history between 2004 and 2008 and leading his team very effectively during the market turbulence that characterised 2009.

Under his leadership Equity Trustees has developed and executed its strategic plan, expanded into the New South Wales and Queensland markets, undertaken several acquisitions, integrated a company-wide system upgrade and developed a strong executive management team supported by focused and committed staff.

The financial results achieved with Peter at the helm speak for themselves – a four-fold increase in market capitalisation of the company and commensurate increase in shareholder wealth in terms of growth in dividends and share price appreciation.

After more than 40 years in the financial services industry Peter's retirement is well deserved and I am sure that all shareholders will join me in congratulating and thanking him for his efforts and in wishing him and Annie a very enjoyable retirement.

Peter's replacement will inherit a stable, strongly performing company poised for its next stage of growth. At the time of writing the Board has commenced an extensive search to identify an appropriate candidate.

Outlook

Following the extreme volatility of the 2009 financial year there are signs of recovery and, one hopes, a return to more stable investment markets. How sustainable this proves to be; only time will tell. The investment climate continues to call for 'safe hands in troubled times'. Equity Trustees has provided those 'safe hands' over the 121 years of its history.

From shareholders' perspective, I repeat that our business remains well positioned to take advantage of any recovery and your Board is confident that our continued investment in the business during 2009 will serve the company well in the medium to long-term. Our management team and staff remain focused on growing the business and in continuing to deliver returns to shareholders.

Company reporting

Our financial report this year encompasses this 'shareholder review' as well as a separate report providing our detailed financial accounts.

This review is being sent to all shareholders however the detailed financial accounts are only being mailed to those shareholders who have previously elected to receive a copy. If you would like to request a hard copy you can do so by contacting our share registry, Computershare:

- Phone – 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)
- Email – web.queries@computershare.com.au

All documents pertaining to our annual results can be viewed on our website (www.eqt.com.au).



JA (Tony) Killen
Chairman

Managing Director's Review

The 2009 financial year was one that tested the capacity of our people, processes and systems. While our financial performance declined during the year, I am very pleased that our business has sustained strong levels of performance and remains well placed to manage growth in the future.

Equity Trustees has responded well to the challenges of our external environment. Our executive management team, the core of which has been in place since 2003, has continued to lead the business positively. Staff at all levels remain committed to growth opportunities while also taking a responsible approach to the management of expenses.

Importantly, as our Chairman has highlighted, Equity Trustees has continued to be guided by its strategic plan including ongoing investment in our people and systems. The strength of our underlying business provides us with the ability to focus on the company's long-term direction despite short-term market volatility.

Operating performance

Graphs on pages 4, 5 and 6 highlight our operating revenue performance, which was down 13.7% to \$33.8m. It is however worthwhile to note that the company's operating expenses also declined by 7.2% during 2009 to \$22.9m (vs \$24.6m in 2008). When depreciation & amortisation (a non-cash expense) is excluded, the decline in operating expenses is actually 10.5% (from \$23.6m to \$21.2m).

The decline in operating expenses in 2009 is directly as a result of the efforts of our staff in taking a prudent approach to expenditure. This was a company-wide commitment and involved many staff reviewing their processes to identify savings. I am very pleased that this activity was undertaken without any decline in service levels to existing clients or any decline in our efforts to identify new revenue opportunities.



During 2009 we also undertook a company wide project aimed at identifying operational efficiency gains. Many of our staff were directly involved in this project, the benefits of which will be seen going forward.

Our ability to reduce expenses in response to declining market conditions has enabled the company to retain a healthy operating margin of 32.4% (37.4% net of profit (loss) on sale of investments and depreciation & amortisation expense). This compares with a 2008 result of 37.1% and 39.6% respectively. By way of comparison, our operating margin in 2004 was just 18.5%.

We focus on operating margin as a guiding key performance indicator. A strong margin provides the capacity to endure tough market conditions (such as those in 2009) as well as indicating the scope to invest in the business to support future growth.

With the support of our Board we maintained staff numbers during 2009 and continued the upgrade of our information technology system. Our commitment to these core elements of our corporate strategy, despite pressures resulting from declining markets, will be of benefit in future years.

Managing Director's Review (cont.)

Business unit	Key services	Target market	2009 Revenue vs 2008	2009 FUM vs 2008
Private Clients	<ul style="list-style-type: none"> • Wealth Management • Personal superannuation • Asset Management • Trusts & Estates • Philanthropy • Tax 	<ul style="list-style-type: none"> • Private investors 	\$7.6m (27.6%)	\$1,112m (16.6%)
Funds Management	<ul style="list-style-type: none"> • Sales & marketing • Product management for EQT co-branded funds (managed by external specialists) 	<ul style="list-style-type: none"> • Platforms/IDPS • Financial planners 	\$8.5m (15.1%)	\$1,938m (18.1%)
Fund Services	<ul style="list-style-type: none"> • Responsible entity • Registrable Superannuation Entity • Corporate trustee • Specialist trustee 	<ul style="list-style-type: none"> • Investment managers • Superannuation funds • Corporates 	\$8.1m (15.1%)	11,209m (20.2%)
Superannuation	<ul style="list-style-type: none"> • Full service master trusts – <ul style="list-style-type: none"> • Wealthpac • Freedom of Choice • Templetons 	<ul style="list-style-type: none"> • Small-medium size corporates 	\$8.5m +6.7%	\$565m (8.1%)

Business unit performance

Our four business units are a core part of the company's strategic platform and revenue generation. Their key activities and performance are summarised in the table above.

Despite market volatility, our Superannuation business unit recorded a year-on-year increase in operating revenue (up by 6.7% to \$8.5m). This reflects the underlying strength of our superannuation strategy supported by recent acquisitions, all of which have been successfully integrated and are positive contributors to performance.

Our other business units each had declines in operating revenue, reflecting the exposure that each has to investment markets. Nevertheless each was successful in generating revenue from new business, which assisted in mitigating the declines created by market movements. It should be noted that the Private Clients revenue in 2008 was inflated by a one-off revenue boost. Year-on-year revenue declined by approximately 17% net of this benefit.

Support services

Our business units are supported by a number of units within the company – including Corporate Development, Corporate Services, Human Resources, Information Technology, Marketing, and Operations. These support units are well established and have been at the forefront of our efforts to reduce expenditure in the short-term and to increase efficiency in the longer-term. All units have responded enthusiastically and successfully to their tasks and have been significant drivers in Equity Trustees' success.

Business highlights

Despite the difficulties of the financial year our staff have continued to work diligently and efficiently in delivering outstanding results for our clients and investors.

- Our Private Client business unit continued to increase client numbers – reflecting the success of the sales programme introduced in 2007. The size of our wealth management client base has increased by over one-third in the last two years.

Fund Name	Category	Ranking	Timeframe
EQT Charitable Balanced Fund	Multisector Growth	#1	1 & 6 months, 5 & 7 years
EQT PIMCO Wholesale Australian Bond Fund	Australian Fixed Interest	#1	1 year
EQT PIMCO Wholesale Global Credit Fund	Diversified Credit	#1	1, 2, 3, 5 & 7 years
EQT PIMCO Wholesale Diversified Fixed Interest Fund	Global/Australian Fixed Interest	#1	3 & 6 months
SGH20	Australian Equities	#1	2 & 3 years
EQT SGH Wholesale Property Income Fund	Listed Property	#1	3 & 6 months
EQT SGH Wholesale Small Companies Fund	Australian Small Companies	#1	6 months

The results are based on data released by Morningstar on 16 July 2009 (Source: © Morningstar).

- EQT co-branded funds continued to outperform their peers across the major asset classes – reflecting the underlying strength of the investment managers and the breadth and diversity of our product offering. See table above for results for the 12 months to 30 June 2009.
- Despite the volatility in markets during the financial year, Equity Trustees recorded a net increase in funds flow into EQT co-branded funds and in the March quarter was the only manager to record a gain in retail funds under management (source: *Morningstar Market Share Report, March 2009* © Morningstar).
- Our Information Technology team has project managed a company-wide upgrade of our operations system. This is a significant project which commenced in 2008 with the successful integration of the Talisman system (1st stage) and which will be completed by the end of 2009. The project will greatly assist group efficiency and enable client growth and service improvement to continue well into the future.
- We maintain an active merger & acquisition programme. While no transactions were concluded during 2009 we are actively following a number of opportunities at any given time and we are well placed to respond when appropriate to do so.
- A new company website has been launched (www.eqt.com.au). The site encompasses the key features of our previous site and is built on an improved platform that will enable significant advancements in functionality making it more interactive for our existing clients and more informative for potential clients.
- Our Philanthropy team has completed the most comprehensive grants round ever conducted, the results of which contribute to up to \$14m to charitable causes during 2009.
- Despite the impact of the financial crisis we maintained staff levels. Our staff are at the core of our strategic plan and we have devoted significant resources in recent years to identifying, recruiting and retaining high calibre people at all levels of our organisation. We have a diverse and talented group who will lead the company through its next growth phase. Our annual employee survey provides us with an indication that we are succeeding in our goal of being an employer of opportunity.

Managing Director's Review (cont.)

The financial services industry

As a result of the global financial crisis there is likely to be an increase in the regulation of the financial services industry. A number of reviews have already been established with a focus on a variety of issues including taxation, superannuation and financial advisory services.

Equity Trustees is monitoring these reviews and will participate through industry channels. Equity Trustees was founded on a fiduciary obligation to our clients and beneficiaries. We encourage change that seeks to improve protection to investors across the industry. Outcomes are not yet known but all of our business units are well positioned to respond to change.

Trustee companies will also transition to national Trustee Companies legislation during 2010 (the current legislation is state based). Equity Trustees has been an active participant in the review leading up to the transition and we support its introduction. The transition will create an opportunity for some of our Private Client activities to be nationwide rather than being restricted to Victoria.

Focus on 2010

As our Chairman has mentioned I will be retiring late in 2009, by which time I will have spent over 40 years in the financial services industry and nearly 7 years with Equity Trustees.

I have thoroughly enjoyed my time with the company and I am very proud of our achievements. Equity Trustees has developed an active sales and marketing culture that is driving our longer-term growth profile while still ensuring that we maintain high service standards for our clients and beneficiaries.

The company has seen a significant amount of change in recent years, much of which has been implemented against a backdrop of rising markets. It was therefore very pleasing to see our staff respond well to the challenges presented during the year, particularly during the period of the Global Financial Crisis. The company retains a strong level of underlying profitability and cash flow and all business units are well positioned for the future.

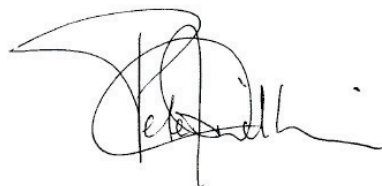
Equity Trustees is a company that 'punches above its weight' in many markets and our profile and reputation is steadily growing, not just in our traditional Melbourne base but also along the eastern seaboard, which has been a focus of our growth.

I would like to extend my thanks to our Board who have supported me and our executive management team in our efforts. I have worked with two Chairmen, Philip Molyneux AM and Tony Killen, and they along with their fellow Directors have consistently provided excellent leadership and direction.

Shortly after commencing with the company I formed an executive management team, many of the original members of which are still in place along with additional members who have since joined. The executive team is responsible for the operational performance of the business and they have executed their responsibilities very effectively.

Our staff are very much at the core of our success. We employ an enthusiastic team who welcome challenges and respond well to change. I thank all of our staff for their efforts and wish all well for the future.

The 2009 financial year started with a very strong first quarter. Markets were at high levels. This will make the 2010 financial year a challenging one on a year-to-year comparative basis. I am confident that Equity Trustees has a strong foundation on which to build and that the company has a very exciting future.



Peter Williams
Managing Director

Business Unit Review

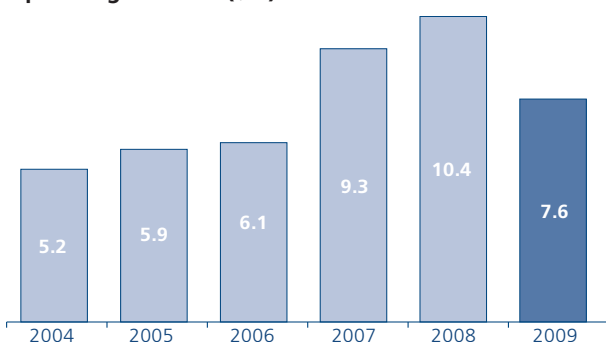
Private Clients

Function

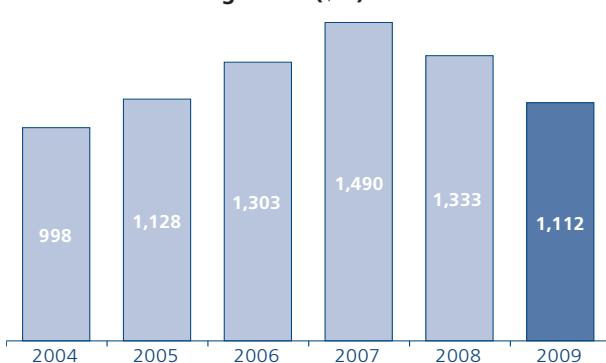
The provision of personal asset management services – including wealth management, trust management, estate planning, executorial, taxation and philanthropic services. The team is supported by an in-house asset management team providing investment advice to private clients.

Performance

Operating revenue (\$m)



Assers under management (\$m)



Operational highlights

Private Clients' 2009 operating revenue is 27.6% below that achieved in 2008, though it should be noted that the 2008 result reflected a significant one-off revenue benefit. Net of this one-off benefit in 2008, the 2009 result was down approximately 17%. As revenue is predominantly driven by asset values, there is a direct impact when investment markets exhibit significant declines as was the case in 2009.

Our Private Clients' business unit includes the company's traditional services of estate management, trust management and philanthropy. In more recent times these services have been complemented by the addition of an in-house asset management capability, wealth management and personal superannuation services. These latter services have been the major source of growth in client

numbers, resulting from a significant sales and marketing programme that commenced in 2007. We are successfully combining the strength of our investment advice with our broad range of services to attract new clients to the business. The benefit of this programme will be realised as markets return to a more favourable setting.

Our investment advice is built around our in-house specialisation in Australian equities and as such many of our clients invest directly in this asset class where it is appropriate to do so. Our clients value our long-term, tax aware approach to investing and we have made specific efforts to increase communication with our clients during the market downturn to keep them informed of market trends and the consequent impact on their portfolio.

During 2009, the structure of Private Clients was reorganised to provide a distinct management focus on the areas of personal estates & trusts, wealth management and asset management. The revised structure will further improve service levels for clients and create more opportunities.

The future

The sales and marketing programme has been successful in promoting the company to broader range of clients while our service levels ensure very high client retention rates and a consistent stream of referral business.

We are maintaining a careful watch on a number of government and regulatory reviews of the financial services sector. While the outcome of these is unknown, many of our Private Clients' services are a legacy of our trustee company heritage and the fiduciary responsibility that we have to our clients and beneficiaries. We therefore welcome change that serves to educate and protect investors.

A key activity in 2010 will be the transition from state based trustee legislation to federal regulation. Equity Trustees has taken an active role at an industry level in this development and we welcome this transition as an opportunity to expand our service base beyond our existing jurisdiction.

Considerable effort will also be directed to the promotion of our Asset Management capabilities to a wide range of investment clients (including institutional clients).

Business Unit Review (cont.)

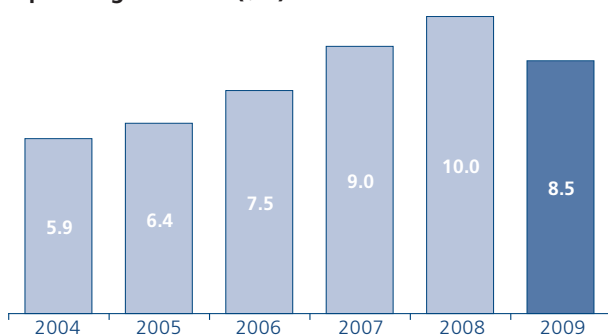
Funds Management

Function

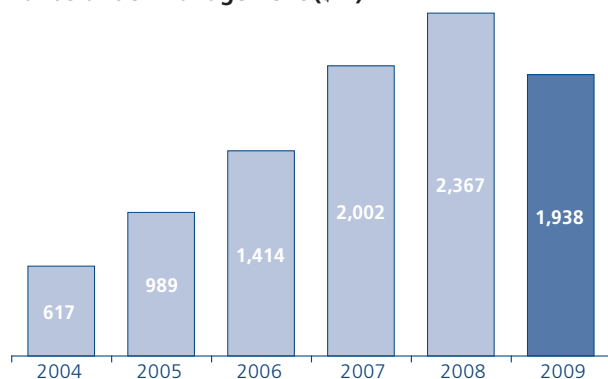
Management and coordination of the distribution and marketing for Equity Trustees co-branded retail and wholesale funds managed by external specialist investment managers.

Performance

Operating Revenue (\$m)



Funds under management (\$m)



Operational highlights

Our Funds Management team is responsible for the product management, sales and marketing activities for EQT co-branded funds. These funds are managed by external investment specialists including PIMCO Australia, SG Hiscock & Company, LaSalle Investment Management, Intrinsic Value Investments and Marvin & Palmer Associates, Inc. The key distribution channels for these funds are the IDPS (platform) market and financial planners/advisers.

In 2008 the team completed a programme of increasing its resourcing to our Sydney and Brisbane offices. This has increased our ability to interact with investors and has had a positive impact on funds inflow in 2009.

Despite the volatility in markets during the financial year, Equity Trustees recorded a net increase in funds flow into EQT co-branded funds and in the March quarter was the only manager to record a gain in retail funds under management (source: *Morningstar Market Share Report, March 2009* © Morningstar).

Our sales efforts have helped to mitigate the reduction in operating revenue resulting from declines in asset markets. There has also been a clear flight to safety as a result of the Global Financial Crisis with investors seeking cash and fixed interest investments as security against volatile equity markets. Our relationship with PIMCO, one of the largest and best regarded global managers of fixed interest product was a significant advantage in securing funds inflow.

Equity Trustees was also one of very few mortgage fund managers that did not close its fund to applications or redemptions during 2009. The EQT Mortgage Income Fund, which was established in 1971, has not had a default in its history, has remained true to its conservative investment mandate and consequently did not suffer a demand for redemptions from concerned investors when property values began to decline. Data provided by Morningstar Research confirms that the EQT Wholesale Mortgage Income Fund was the top performing mortgage fund over the 12 months to 31 July 2009.

The future

The breadth of our fund offering combined with the reputation of the underlying investment managers positions this business well for recovery as investment market conditions and confidence improve.

We have established relationships within the platform/IDPS channel, which now accounts for around two-thirds of our net funds inflow. This is an efficient source of distribution that can generate scale effectively in conjunction with our distribution resources that are dedicated to the financial planner/adviser markets.

The key strength of our model remains our relationships with external fund managers. We have deliberately sought relationships with a small number of quality managers rather than a large number of competing managers. This strategy not only minimises channel conflict but also enables us to work closely with each manager for maximum benefit.

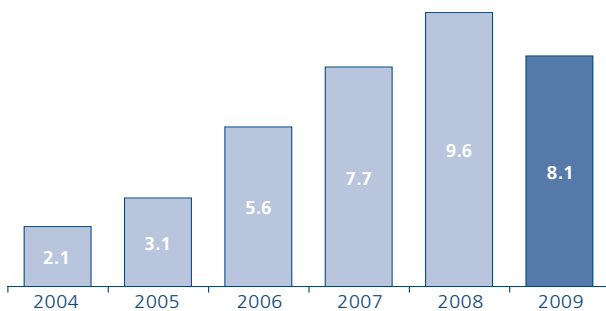
Fund Services

Function

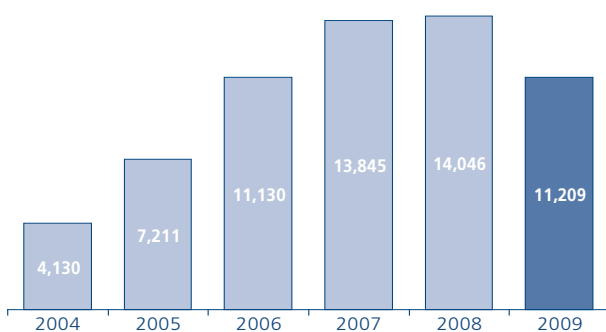
Overall responsibility for the risk management of Corporate Trust and Responsible Entity businesses – covering both managed funds and superannuation. Responsibilities also include Company Legal Counsel and Compliance.

Performance

Operating revenue (\$m)



Funds under administration (\$m)



Operational highlights

Equity Trustees' Fund Services team is a significant provider of fiduciary services to corporate clients – principally focusing on responsible entity, corporate trust and registrable superannuation entity ('RSE') appointments.

This business unit requires experienced staff to manage the significant legal and regulatory requirements of such appointments. Equity Trustees has built a significant client base as a result of our high service standards. Our client base is both domestic and international, with referrals from existing clients and service providers a significant source of new business.

Our knowledge of the local market, combined with our efficiency in advising, establishing and monitoring funds is a key reason for our rapid growth in recent years (our revenue has grown at a compound annual rate of 31% since 2004).

As with our Private Client and Funds Management business units, direct exposure to investment markets caused a decline in operating revenue in 2009. While we continued to receive interest from investment managers for our services, the decline in investment markets impacted upon the demand for the establishment of new funds, while also causing a downturn in revenue from existing clients.

We did not however suffer significant client losses therefore we are well positioned to recover when markets do likewise.

We took the opportunity during the year to increase the resources dedicated to our RSE business and to our compliance and legal support teams. These resources will be critical in ensuring that we are able to meet future demand (refer below) and will also improve service levels to existing clients.

The future

A side effect of the global financial crisis is likely to be a significant increase in the longer term demand for independent, high quality corporate and fund fiduciary services. There will be a greater demand for existing and new structures to meet strict guidelines aimed at minimising the likelihood of the frequency and severity of losses suffered by investors in collapsed schemes or structures. In the shorter term there will also be demand for independent specialists with a skill-set capable of assisting schemes and structures that have encountered significant financial hurdles.

As an independent fiduciary organisation with a strong reputation and skill-set, Equity Trustees will be well positioned to serve in the capacities outlined above. However, we will maintain our strict approach to risk management in assessing those roles that we choose to take on.

There are relatively few others in the market place with the capacity to scale their business to the same degree as Equity Trustees and we foresee this as a significant advantage in promoting our services.

While investment markets still have a significant way to go to recover to the levels seen prior to the Global Financial Crisis (September/October 2008), we are starting to see demand from existing and new clients to set up investment funds. Equity Trustees is also very well placed to take advantage of any consolidation in the superannuation marketplace.

Business Unit Review (cont.)

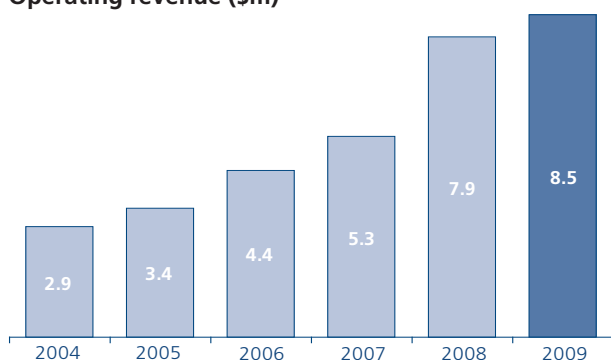
Superannuation

Function

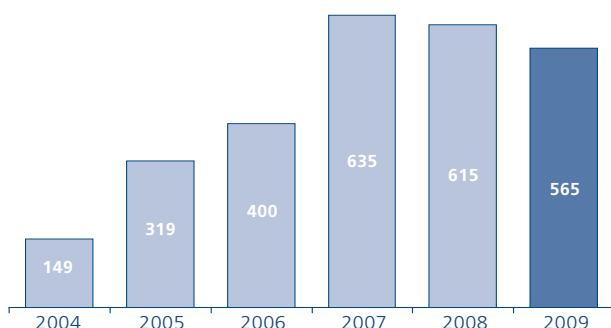
A full service trustee, administration and investment business which manages employer superannuation funds through master trusts primarily servicing small-to-medium sized enterprises. The master trusts also offer tax effective pension accounts to individuals.

Performance

Operating revenue (\$m)



Funds under management (\$m)



Operational highlights

Equity Trustees' Superannuation business unit defied market trends and recorded a 6.7% increase in operating revenue in 2009 (\$8.5m vs \$7.9m in 2008).

This result reflects the underlying strength of the business, which offers a full suite of corporate superannuation solutions for predominantly small-medium sized enterprises. While the global financial crisis had a significant impact on investment returns, this was partially offset by the 9% compulsory superannuation guarantee contribution which added to inflows into our superannuation master-trusts. The relative buoyancy of the Australian economy ensures that unemployment has not yet reached levels where inflows have been significantly impacted.

The result was also boosted by the impact of recent acquisitions – including Freedom of Choice, Mutual Benefit Consulting and Templetons Superannuation Management. All of these acquisitions have been successfully integrated and were earnings per share ('EPS') accretive in 2009.

Aside from adding revenue in the short-term the acquisitions have broadened the scale of our business enabling efficiencies in our service operations and opening new distribution channels. Unlike Wealthpac, which was acquired in 2003 and which is a direct to employer master-trust, Freedom of Choice is distributed through intermediary channels, predominantly financial planners/advisers. Our Private Client business unit has also utilised Freedom of Choice as a platform for some of its personal superannuation clients as well as some clients with investments outside superannuation who value the platform's flexibility.

Considerable energy has been initiated to exploring and executing opportunities to extend services from other business units to members of our corporate superannuation master-trusts. This principally incorporates services from our Private Client business unit, including fiduciary services and wealth management.

The future

While all acquisitions have been successfully integrated, scope still remains to extract further group benefits from shared operations and the introduction of additional services to members. The Templetons Master Plan will be rebranded in the Wealthpac suite of products.

As is the case with the broader financial services industry, superannuation services are currently undergoing extensive government and regulatory review. We continue to monitor these reviews closely and we are confident in our ability to manage change. As a full service superannuation provider we have significant quality control over the services provided to our members and therefore the capacity to adapt efficiently and effectively.

Due to the hard work of our sales and service teams, we have achieved very high client retention rates. This places us in a favourable position as the investment climate stabilises.

Directors' Biographies



Mr JA (Tony) Killen, Chairman

BA, FAICD, FAIM

Chairman since August 2007

Non-Executive Director since September 2002

Member of Equity Trustees' Remuneration & HR Committee since September 2004

Tony is a non-executive director of listed companies, IRESS Market Technology Ltd and Templeton Global Growth Fund Ltd. He is a non-executive director of Catholic Church Insurances Ltd and CCI Investment Management Ltd.

Tony is a former Group Managing Director and Chief Executive Officer of AXA Asia Pacific Holdings Ltd, having had a 36 year career with the National Mutual/AXA group. He is also a former Chairman of St Vincents Public Hospital Melbourne, St Vincents and Mercy Private Hospital, and Australia's largest not-for-profit health service, St Vincents Health Australia, formerly known as the Sisters of Charity Health Service.



Mr David Groves, Deputy Chairman

B.Com, M.Com, CA, FAICD

Deputy Chairman since December 2007

Non-Executive Director since November 2000

Chairman of Equity Trustees' Audit and Compliance Committee since January 2003

David is a director of Tassal Group Ltd and Kambala, a leading Australian girls' school in Sydney. He is a member of MIR Management Limited Advisory Council and also an executive director of a number of private companies.

David is a former director of GrainCorp Limited, Mason Stewart Publishing and Camelot Resources NL and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.



Mr Peter Williams, Managing Director

Dip.All, MAICD, FAIM

Executive Director since March 2003

Peter was appointed Equity Trustees' Managing Director in February 2003 with significant experience in the financial services industry. He has broad experience in investments, insurance and superannuation, having worked in Australia and internationally with the listed insurance company, AXA (previously National Mutual Ltd).

Prior to 1988, Peter worked in various roles including National Mutual's corporate business manager (Western Australia, South Australia and Northern Territory), superannuation sales consultant and client manager.

In 1988, Peter was appointed general manager, National Mutual Asia Ltd, working out of Hong Kong. On return to Australia in 1993, Peter became national marketing manager at National Mutual Funds Management. In 1996, he became general manager and chief executive officer of AXA Trustees Ltd.

In 2000, Peter was appointed general manager, Superannuation & Portfolio Services at Perpetual Limited.

Directorships have included NM Superannuation Pty Ltd, including two years as its chairman, two years as the national president of the Trustee Corporations Association of Australia and Peter is a current board member of that organisation. Peter was a director and vice-chairman of Austcham (the Australian Chamber of Commerce) in Hong Kong. In February 2005, Peter was appointed to the Board of the Australian Baseball Federation. In August 2009, Peter was appointed to the Board of Olympic Park Sports Medical Centre Pty Ltd.

Directors' Biographies (cont.)



Mr John McConnell

B.Com, FAICD, FAIM, F Fin

Non-Executive Director since January 2002
Member of Equity Trustees' Audit & Compliance Committee since January 2003

John has had more than 35 years experience in banking and finance with the ANZ Banking Group in Australia, New Zealand and the United Kingdom, where his roles included Managing Director of Corporate Banking and Retail Banking, and Deputy Managing Director of Esanda Finance Corporation Ltd.

John is a director of ASG Group Ltd and Kew East Financial Services Ltd and was previously a director of Breville Group Ltd and Guilford Investments Ltd. He was a founding director of Family Business Australia Ltd and the Melbourne Community Foundation, and is a past member of the Epworth Medical Foundation.



Mr Barry Jackson

B.Com (Hons), MAICD

Non-Executive Director since September 2002
Chairman of Equity Trustees' Remuneration & HR Committee since December 2007 and a member since September 2004

Barry is a former managing director of Pacifica Group Limited and chief executive of BTR Nylex's Building Products Group, with more than 30 years experience in manufacturing and industrial marketing. He is a director of Paperlinx Limited. Barry was previously a director of St Vincent's Institute of Medical Research, CSR Limited and Alesco Corporation Limited.



Ms Alice Williams

B.Com, FCPA, FAICD, AIF, CFA

Non-Executive Director since September 2007
Member of Equity Trustees' Audit & Compliance Committee since September 2007

Alice has extensive experience in the financial services sector, having previously served as a director of State Trustees Limited and senior management positions with a number of Australian and international investment banks, including NM Rothschild and Sons (Australia) Limited, JP Morgan Australia, Hong Kong Bank of Australia Limited and Citibank (NA).

Alice is a director of AirServices Australia, Guild Group Ltd and Victorian Funds Management Corporation. Alice is also a Council Member of The Cancer Council of Victoria.

In addition, Alice undertakes a variety of consulting roles to corporate, Government and not-for-profit organisations specialising in strategic and business planning, debt restructuring, equity raising and corporate governance.

Alice was previously a director of Western Health, Australian Accounting Standards Board, Telstra Sale Company, V/Line Corporation and Commissioner of the Victorian Competition and Efficiency Commission.



The Hon Jeffrey Kennett AC

Hon. DBus (Ballarat)

Non-Executive Director since September 2008
Member of Equity Trustees' Remuneration & HR
Committee since September 2008

Jeff was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of the State from 1992 to 1999.

He is currently Chairman of Open Windows Australia Proprietary Limited, Australian Commercial Catering Pty Ltd and Chairman of the Board of Management of PFD Food Services Pty Ltd. Jeff is a director of Jumbuck Entertainment Limited and is Chairman of Beyondblue, the national depression initiative. He is President of the Hawthorn Football Club and patron of a number of community organisations.

Jeff was awarded the Companion of the Order of Australia in 2005.

Information for Shareholders

Annual General Meeting

The Board of Directors of Equity Trustees Limited has great pleasure in inviting all shareholders of the company to attend the Annual General Meeting ('AGM').

The AGM will be held on Friday, 6 November 2009 commencing at 11.00am (Australian Eastern Daylight Savings Time) at the RACV Club, 501 Bourke Street, Melbourne. All Directors will be in attendance as will the company's external auditor. Light refreshments will be served at the conclusion of the meeting.

A separate Notice of Meeting accompanies this shareholder review. If you are planning to attend the meeting in person please bring the accompanying letter with you to facilitate entry.

If you are unable to attend the AGM you are encouraged to complete the proxy voting form, which accompanies the Notice of Meeting. The proxy form should be returned in the envelope provided or else can be faxed to our share registry, Computershare, on +61 3 9473 2500. Please ensure that all proxy forms are received no later than 11.00am on Wednesday, 4 November 2009.

Key dates for shareholders

Friday, 18 September 2009

Record date for 2009 final dividend

Wednesday, 14 October 2009

Payment date of 2009 final dividend

Friday, 6 November 2009 at 11.00am

Annual General Meeting

RACV Club

501 Bourke Street

Melbourne Victoria 3000

Thursday, 25 February 2010

Announce half-year results and interim dividend

Friday, 16 April 2010

Interim dividend paid

Equity Trustees' 2009 Annual Report

A copy of Equity Trustees' 2009 Annual Report has been mailed to all shareholders who have previously elected to receive a hard copy of the document.

The Annual Report can be viewed on our website:
www.eqt.com.au

In order to change your election for receipt of a hard copy of our Annual Report, or to request a hard copy be mailed to you, please contact our share registry, Computershare, as follows:

Phone 1300 850 505 (within Australia) or
+61 3 9415 4000 (outside Australia)

Email web.queries@computershare.com.au

Directory

Board of Directors

J A (Tony) Killen

BA, FAICD, FAIM (Chairman, Non-executive)

Peter J Williams

Dip.All, MAICD, FAIM. (Managing Director)

David F Groves

B.Com, M.Com, CA, FAICD (Deputy Chairman, Non-executive)

John R McConnell

B.Com, FAICD, FAIM, F Fin (Non-executive)

Barry J Jackson

B.Com (Hons), MAICD (Non-executive)

Alice JM Williams

B.Com, FCPA, FAICD, AIF, CFA (Non-executive)

The Hon Jeffrey G Kennett AC

Hon. DBus (Ballarat) (Non-executive)

Company Secretary/ Chief Financial Officer

Terry Ryan

B.Bus, FCA, F Fin

Joint Company Secretary

Philip Maddox

LLB, BA, GDipAppFin (Finsia)

Auditor

Deloitte Touche Tohmatsu

550 Bourke Street
Melbourne Victoria 3000

Share registry

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Registered office

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Melbourne Victoria 3000

Telephone 03 8623 5000

1300 133 472

Facsimile 03 8623 5200

Email equity@eqt.com.au

Other offices

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North Sydney NSW 2060

Level 12, 300 Queen Street
Brisbane QLD 4000

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Australian Financial Services Licence No 240975

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Licence No 240975

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