

MARKET INDICATORS

Market	Indicator	Current	Last Month	1 Month Change	12 Months Ago	12 Month Change
Interest Rates	Overnight Cash	4.25	4.00	0.25%	3.00	1.25%
	3 Month Interbank Borrowing Rate	4.55	4.36	0.19%	3.54	1.01%
	10 Year Bond	5.71	5.78	-0.07%	4.57	1.14%
Australian Shares	All Ords	4833.90	4893.10	-1.21%	3744.70	29.09%
	S&P/ASX 200	4807.40	4875.50	-1.40%	3780.50	27.16%
Regional Shares	Dow Jones Industrials (US)	11008.61	10856.63	1.40%	8168.12	34.78%
	S&P 500 (US)	1186.68	1169.43	1.48%	872.81	35.96%
	FTSE 100 (UK)	5553.29	5679.64	-2.22%	4243.71	30.86%
	TOPIX (Japan)	987.04	978.81	0.84%	837.79	17.81%
	Hang Seng (Hong Kong)	21108.59	21239.35	-0.62%	15520.99	36.00%
Property	ASX 300 A-REITS Index	890.95	857.46	3.91%	689.40	29.24%
	US\$ Gold Price	1150.05	1113.15	3.31%	884.00	30.10%
	US\$ Oil Price – West Texas Crude	87.23	81.01	7.68%	49.87	74.91%
	US\$ CRB Spot Commodity Index	443.69	431.17	2.90%	332.49	33.44%
Exchange Rates	AUD / USD	0.93	0.92	1.54%	0.73	28.01%
	AUD / EUR	0.70	0.68	2.87%	0.55	28.63%
	AUD / GBP	0.61	0.61	-0.12%	0.49	23.88%
	AUD / JPY	87.49	85.55	2.27%	70.72	23.71%
Volatility	VIX Index	22.05	17.13	28.72%	36.50	-39.59%

Key Points:

- Australian shares weakened during the month finishing down 1.35%, with small caps outperforming large caps, returning +0.02%.
- Global equity markets weakened in April down 1.30% on an \$A unhedged basis, as measured by MSCI World Index. Asia (ex-Japan) was the best performing region (+0.65%), whilst Europe (-3.94%) performed the worst during April.
- The Gold Price rose in April.
- The Australian Dollar performed well in April, appreciating against most major currencies, except the pound. On a trade weighted basis the Australian Dollar finished the month 1.10% higher.
- Volatility rose during the month, up 28.72%, as measured by the VIX Index.
- The RBA increased the official cash rate by 25bps (to 4.25%), in line with consensus. The Australian government 10 year bond yields finished the month slightly lower.

CASH, FIXED INTEREST & CREDIT

Zenith Benchmarks	Total Return Indices	1 Mth %	1 Yr %	3 Yr % p.a.	5 Yr % p.a.	Fin Yr TD %	Cal Yr TD %
Australian Cash	UBS Bank Bill Index	0.35	3.63	5.66	5.81	3.09	1.37
Australian Bonds	UBS Composite All Maturities	0.55	3.29	6.46	5.78	4.68	1.81
International Bonds	Barclays Global Aggregate \$A	0.69	10.29	8.51	7.12	5.65	0.69

Summary of Statistics:

- **Australian Cash** returned 0.35% in April; so far it has returned 3.09% for the financial year as measured by the UBS Bank Bill Index.
- **Australian Bonds** rose 0.55% in April, as measured by the UBS Composite All Maturities Index. Australian 10 Year government bonds are now yielding 5.73% in comparison to 5.76% last month and 4.57% one year ago.
- **International bonds** rose 0.69% in April, as measured by the Barclays Global Aggregate (Hedged \$A) Index. 10 Year bond yields fell in the US (from 3.83% to 3.66%), fell in Japan (from 1.39% to 1.28%); whilst bond yields remained relatively flat in the UK.
- **Credit spreads** fell in April, with lower rated credit outperforming.

Commentary:

Australian government bonds strengthened as negative sentiment surrounding the European debt situation filtered in during the month, causing a 'flight to quality'. The Australian 10 year Bond finished the month at 5.71% (yields falling 7bps). US 10 year bond finished the month at 3.66 (yields fell 17bps). UK and Japanese bonds also strengthened.

During the month Greece continued to remain in the news as concerns for the region re-emerged, also with a focus on the financial stability of its neighbours, Spain and Portugal. Late month, major credit rating agencies lowered their credit outlooks on Greece, Spain and Portugal, reaffirming investors concerns for the region. Amid Greece's attempt to cut its financial deficit through less spending, protestors took to the street of Athens in anger. This spooked investors, believing that should the disorder continue the Greek government will weaken its stance.

Domestically, the RBA raised the official cash rate by 25 bps (to 4.25%). The move was mostly predicted by analysts. RBA assistant governor Guy Debelle stated that the cash rate (at 4.25%) is below historical average, suggesting a likelihood of future cash rate hikes. The June 2010 90 day Bank Bill contract is priced at 4.77%, while December 2010 is priced at 5.27% and June 2011 is priced at 5.63% as at 30th April 2010, which also indicated a higher future cash rate.

AUSTRALIAN SHARES

Zenith Benchmarks	Total Return Indices	1 Mth %	1 Year %	3 Year % p.a.	5 Year % p.a.	Fin Year TD %	Cal Year TD %	% Ch. Fr. 12mth High	% Ch. Fr. 12mth Low
Australian Shares	S&P/ASX 300	-1.35	32.47	-3.98	8.39	25.59	-0.11	-3.86	34.18
Australian Shares - Small Caps	ASX Small Ordinaries	0.02	39.28	-8.98	7.16	25.78	-1.55	-5.17	39.26
Australian Shares - Style	SPGI BMI Australia Growth	-3.10	28.18	-2.28	10.32	21.75	-1.37	-5.35	30.41
	SPGI BMI Australia Value	0.00	40.35	-5.12	7.10	31.41	1.57	-3.19	42.03
Australian Shares - GICS Sectors	S&P/ASX 300 Materials	-3.86	32.18	3.34	16.45	24.18	-2.81	-7.53	34.38
	S&P/ASX 300 Industrials	-1.66	41.84	-13.14	0.85	33.43	-2.03	-5.21	42.42
	S&P/ASX 300 Consumer Discretionary	-0.47	36.32	-14.22	-0.08	29.47	1.80	-1.66	39.47
	S&P/ASX 300 Consumer Staples	-4.02	15.50	-0.26	10.93	16.42	-3.03	-5.69	23.11
	S&P/ASX 300 Financials	0.87	47.43	-7.08	5.71	36.78	3.41	-2.55	49.95
	S&P/ASX 300 IT	-2.50	37.09	-0.67	15.08	30.47	3.66	-5.18	41.77
	S&P/ASX 300 Telecommunication Svs.	5.49	1.94	-6.91	-1.42	0.07	-3.90	-6.45	10.15
	S&P/ASX 300 Financials ex-Property	0.35	48.76	-3.38	8.49	38.57	3.61	-3.09	52.09
	S&P/ASX 300 Property Trusts	3.91	38.90	-23.13	-6.51	27.01	2.21	-3.39	52.63

Summary of Statistics:

- **Australian shares**, as measured by the S&P/ASX 300 index weakened in April, down 1.35% during April.
- The **small cap sector** outperformed large caps, finishing the month marginally up.
- On a **sector** basis, there was once again a large disparity between the best performer (Telco's +5.49%) and the worst (Consumer Staples, -4.02%).
- The Australian share market slightly outperformed the MSCI World Index on an unhedged basis during April. However, it underperformed the Hedged version of the index.

Commentary:

The Australian market rallied early month continuing a late March rally, encouraged by improved global economic conditions. The All Ordinaries and S&P/ASX200 Indices managed to break through the psychological milestone of 5000points for the first time in 19 months. However, weaker global economic news and a fall in commodity prices quickly brought the index well below the 5000 mark.

Key indicators during the month were mostly positive: the unemployment rate remained steady with 19,600 jobs created during March; and the Consumer Price Index rose above market forecasts to 0.9% for the quarter (forecast of 0.8%) and 2.9% for the year (forecast of 2.8%). The IMF also raised its growth forecast for Asia (which includes Australia) from 8.4% to 8.7%, stating that the region is leading the global recovery and will likely continue to do so. Nevertheless, there was a slight fall in consumer and business confidence during the month.

In company specific news, BHP Billiton and Rio Tinto remained in the spotlight for the entirety of the month. Both companies were reported as being involved in a Chinese anti-monopoly probe, in relation to price fixing. Bluescope Steel lodged an objection with the ACCC for the proposed joint venture between BHP and Rio, delaying the regulatory approval decision. The Australian government also released plans to increase the tax-on-profits to 40% for resource companies.

The ACCC also surprised analysts when it blocked NAB's \$13.2billion bid to acquire AXA Asia Pacific, suggesting the acquisition would significantly reduce competitiveness in the financial services market. NAB reported that it will pursue all options to acquire AXA, stating the ACCC ruling was 'incorrect'.

Zenith Monthly Market Report

The merger of Seven Network and WesTrac Holdings was approved by a shareholder vote, the new company named Seven Group Holdings is effective as at the 1st May 2010, with shareholders of former companies to receive a one-to-one share trade.

INTERNATIONAL SHARES

Zenith Benchmarks	Total Return Indices	1 Mth %	1 Yr %	3 Yr % p.a.	5 Yr % p.a.	Fin Yr TD %	Cal Yr TD %	% Ch. Fr. 12mth High	% Ch. Fr. 12mth Low
International Shares	MSCI World Ex-Au A\$	-1.30	7.94	-9.89	0.05	9.45	-0.08	-3.13%	12.05
	MSCI World A\$	-1.33	8.72	-9.64	0.32	10.02	-0.07	-3.07%	12.73
International Shares - Small Caps	MSCI World Small Companies Ex-Au A\$	2.51	21.58	-7.74	2.43	21.95	8.38	-3.40%	24.97
International Shares - Regional	MSCI US A\$	0.18	9.58	-8.33	-0.71	14.03	3.49	-3.47%	17.72
	MSCI Europe A\$	-3.94	5.84	-13.28	0.40	5.64	-7.49	-9.38%	9.57
	MSCI AC Asia Ex-Jap \$A	0.65	19.83	0.49	10.55	14.07	-0.07	-2.04%	9.57
	MSCI Japan A\$	-1.55	-0.77	-11.72	-1.65	-2.72	4.43	-7.38%	12.07
	MSCI China A\$	-1.72	11.84	4.77	19.08	0.68	-5.22	-8.65%	8.65
	MSCI India A\$	0.45	45.21	3.06	20.12	19.50	3.21	-2.63%	45.30
	MSCI Emerging Markets A\$	-0.18	24.35	0.48	12.88	18.38	0.21	-2.48%	21.35
International Shares - Hedged	MSCI World ex-Au \$A (Hedged)	0.40	33.67	-6.71	3.30	26.43	5.31	-2.62%	33.68

Summary of Statistics:

- **International Shares (ex-Australia)** fell 1.30% in April on an unhedged basis, whilst it returned 0.40% on a fully hedged basis.
- **Small caps** outperformed the broader market, returning 2.51%.
- On a **regional** basis, Asia ex Japan (+0.65%) and India (+0.45%) performed the best, whilst the European (-3.94%) and Chinese (-1.72%) markets trailed.

Commentary:

Global equities markets weakened during the month, after markets started the month strongly with renewed investor confidence continuing through from March, as well as good economic news emerging from the US. However, mid-month a series of factors contributed to a market plunge: the Greek debt situation unsettled investors significantly; a civil fraud case in the US plagued the financial sector; and a natural event in northern Europe caused global disruptions and uncertainty in equity markets.

Key indicators out of the US in April were mostly positive: ISM's Manufacturing, Non-Manufacturing and Prices Paid indices were better-than-forecasted; Unemployment remained stable, Average hours worked increased; and Housing starts, sales on new and existing homes were above market expectations.

In company specific news, the US Securities & Exchange Commission (SEC) filed charges of civil fraud against Goldman Sachs, with the trial beginning its proceedings on the 30th April 2010. SEC alleges that Goldman Sachs was marketing a product linked to sub-prime mortgages, whilst they were shorting sub-prime mortgages in other investment strategies. Goldman Sachs finished the month down 14.90% (on a \$US basis).

Renault, Nissan and Daimler car manufacturers announced a strategic partnership, with a cross-shareholding (each company will hold a 3.1% stake in each-other). The partnership has been established to share the cost of product development, parts and best practise management techniques. The companies share prices strengthened during the month, in local currency term.

PROPERTY & INFRASTRUCTURE

Zenith Benchmarks	Total Return Indices	1 Mth %	1 Year %	3 Year % p.a.	5 Year % p.a.	Fin Year TD %	Cal Year TD %	% Ch. Fr. 12mth High	% Ch. Fr. 12mth Low
Australian Listed Property	S&P/ASX 300 Property Trusts	3.91	38.90	-23.13	-6.51	27.01	2.21	-3.39	52.63
Global Listed Property	FTSE EPRA/NAREIT GLOBAL REITS (Hedged \$A)	6.16	61.47	-4.42		62.74	18.52	-1.88	73.09
Global Listed Infrastructure	S&P Global Infrastructure Hedged \$A	0.11	32.88	-5.16	8.22	22.29	1.56	-2.55	32.89

Summary of Statistics:

- Australian Listed Property once again continued to underperform the global property markets, returning 3.91% against 6.16% for Global Listed Property.
- Global Listed Infrastructure** as represented by the S&P Global Infrastructure Hedged \$A returned 0.11%, outperforming the broader global equities market.

Commentary:

In April the global property sector continued its outperformance of the broader equity markets. The sector has now returned 61.47% in a 12 month period to the 30th April 2010.

In global infrastructure news, the volcanic eruption in Iceland caused havoc to travellers as well as investors early month, with a plume of volcanic ash forcing flight paths and European airport closures. Despite a dramatic increase in traffic on European tollways, investments to the segment were dragged down by the concern of European Sovereign default risk.

Domestically, the property market outperformed the broader equities market returning 3.91% for the month, also outperforming the broader equities market on a 12 month basis, returning 38.90%.

In domestic company-specific news, Mirvac Group raised \$350 million in capital with the purpose of an acquiring Westpac Office Trust. During the month Ausbil-Dexia Limited offered to purchase a 6.46% shareholding in Mirvac. Mirvac weakened 4.75% during the month.

Author:

Nicholas Büsst
Investment Analyst
 Zenith Investment Partners Pty Ltd



(03) 9642 3320
nicholas.busst@zenithpartners.com.au

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