

Market Indicators

Market	Indicator	End of Month Price	Previous Month Price	1 Month Price Change	12 Months Ago Price	12 Month Price Change
Interest Rates	Overnight Cash %	4.25	4.50	-0.25%	4.75	-0.50%
	3 Month BBSW %	4.65	4.70	-0.05%	4.95	-0.30%
	10 Year Bond %	3.72	3.97	-0.25%	5.57	-1.85%
Australian Shares	All Ords	4111.00	4184.70	-1.76%	4846.90	-15.18%
	S&P/ASX 200	4056.60	4119.80	-1.53%	4745.20	-14.51%
Regional Shares	Dow Jones Industrials (US)	12217.56	12045.68	1.43%	11577.51	5.53%
	S&P 500 (US)	1257.60	1246.96	0.85%	1257.64	0.00%
	FTSE 100 (UK)	5572.28	5505.42	1.21%	5899.94	-5.55%
	STOXX 50 (EUR)	244.54	240.08	1.86%	275.81	-11.34%
	TOPIX (Japan)	728.61	728.46	0.02%	898.80	-18.94%
	Hang Seng (Hong Kong)	18434.39	17989.35	2.47%	23035.45	-19.97%
Property	ASX 300 A-REITS Index	766.60	799.60	-4.13%	828.70	-7.49%
	US\$ Gold Price	1563.70	1746.38	-10.46%	1420.78	10.06%
	US\$ Oil Price – W Texas Crude	98.83	100.36	-1.52%	91.38	8.15%
	US\$ CRB Spot Commodity Index	480.99	490.00	-1.84%	520.33	-7.56%
Exchange Rates	AUD / USD	1.0209	1.0253	-0.43%	1.0233	-0.23%
	AUD / EUR	0.7879	0.7624	3.34%	0.7643	3.09%
	AUD / GBP	0.6570	0.6525	0.68%	0.6555	0.23%
	AUD / JPY	78.43	79.53	-1.38%	83.02	-5.53%
	TWI	75.50	74.60	1.21%	75.80	-0.40%
Volatility	VIX Index %	23.40	27.80	-4.40%	17.75	5.65%

Key Points:

- On December 6, the Reserve Bank of Australia (RBA) elected to lower the Overnight Cash Rate by 25 basis points (bp) for the second consecutive month.
- Australian Equity markets struggled to perform in line with the worldwide benchmark during December, with the All Ordinaries Index declining 1.76% and the S&P/ASX 200 Index retreating 1.53%.
- Most major International Equities markets recorded positive returns. The Hang Seng (Hong Kong) and the STOXX 50 (Europe) were the strongest performers with the prices rising 2.47% and 1.86% respectively.
- Australian Property fell 4.13% in December to end a disappointing year during which the ASX A-REITS Index price fell 7.49%.
- Gold was the worst performing commodity with the price falling by 10.46% during December. Despite this late collapse it still finished 10.06% higher over the calendar year.
- West Texas Crude dropped back below US\$100 a barrel to US\$98.83, a fall of 1.52%
- The Australian Dollar (AUD) fell by a marginal 0.43% against the US Dollar (USD) and a more significant 1.38% against the Japanese Yen (JPY). Gains were recorded against the Euro, 3.34%, and the GBP 0.68%.
- Volatility settled during December, falling 4.40% as measured by the VIX Index.

Cash, Fixed Interest & Credit

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
Australian Cash	UBSA Bank Bill	0.40	1.22	5.00	4.38	5.48	2.47	5.00
Australian Bonds	UBSA Australia Composite All Maturities	0.78	1.94	11.37	6.31	7.40	6.66	11.37
International Bonds	Barclays Global Aggregate (USD Hedged)	1.52	0.87	5.40	5.03	5.20	3.86	5.40

Summary of Statistics:

- **Australian Cash** returned 0.40% in November and 5.00% over the past twelve months.
- **Australian Bonds** added 0.78%, as measured by the UBSA Australia Composite All Maturities Index, to gain 11.37% over the past 12 months.
- **International Bonds** gained 1.52% based on the Barclays Global Aggregate (USD Hedged)
- **Global Corporate Debt Markets** remained stagnant with spreads largely unchanged in AAA, Investment Grade and Emerging Markets debt sectors. Returns on High Yield debt were positive with spreads narrowing 0.24%.

Commentary:

As per market expectations, the RBA announced an interest rate cut of 25bp during December citing the ongoing sovereign debt and banking crisis in Europe as well as slowing economic growth in China as motives for the decision. RBA Governor Glenn Stevens also insinuated that cautious spending behaviour by Australian households and the strong Australian dollar carried strong weight in the Board's decision. The falling yields resulted in a flow on effect to the Australian Bond market to provide a total return of 0.78% for December, measured by the UBSA Australia Composite All Maturities Index. Australian Bonds delivered 11.37% for the calendar year, clearly outperforming equities.

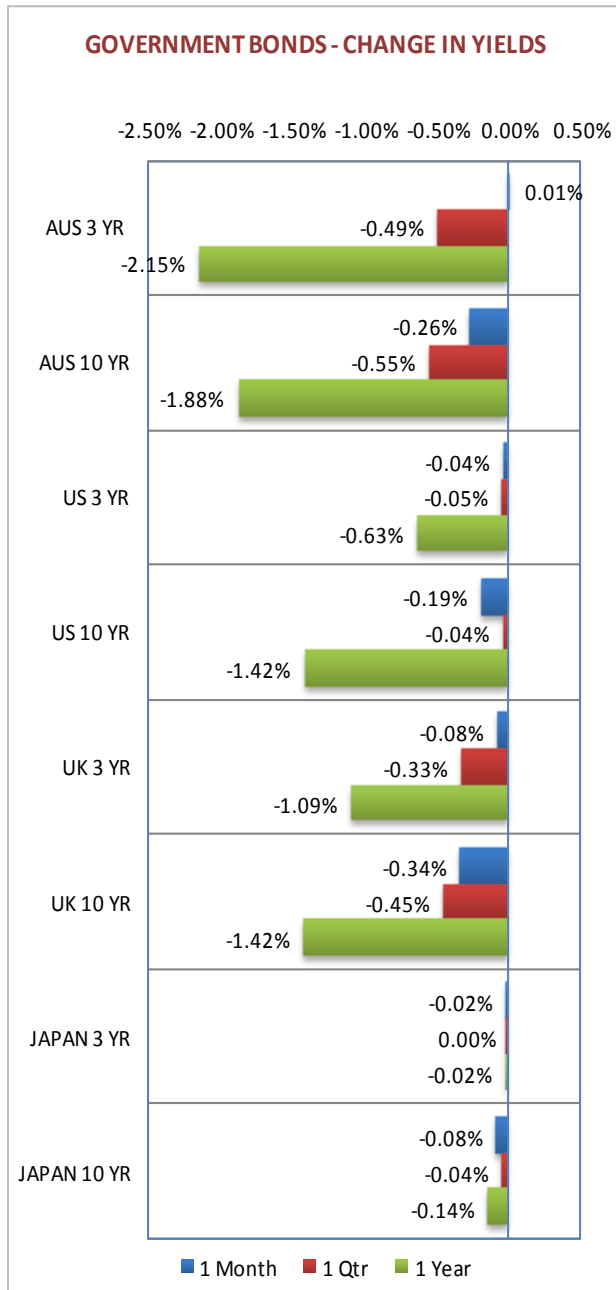
Although Australian Bond prices started the month strongly, in anticipation of a positive outcome to a meeting of European leaders, it then retracted when Standard and Poors put fifteen of the seventeen nations in the European Monetary Union, including the traditionally resilient economies of Germany and France, on CreditWatch with negative implications. By the conclusion of the summit EU leaders resolved to further integrate the Eurozone economies (subject to respective parliamentary approval) to ensure that no single economy would fail thus triggering a total economic collapse of the region. Investors remained unconvinced that this resolution would offer an effective solution to the crisis, a viewpoint which was later reaffirmed by Moody's.

In response Italian and Spanish 10 year bond yields rose to 6.7% and 5.9% respectively. British Prime Minister, David Cameron, stood firmly against the latest reforms and 10 year UK Government bonds yields dropped 34bp demonstrating investor's confidence in his point of view. Continual news of this nature has reaffirmed to the market that investors are still being provoked by the continuing uncertainty about the economic stability of the European Union.

The negative outlook in European fixed income markets have driven investors toward US Treasury securities, driving yields down 19bp in 10 year bonds and 4bp in 3 year bonds. Additionally, conservative macroeconomic outlooks indicate that these returns are likely to be unaffected by inflation in the near future.

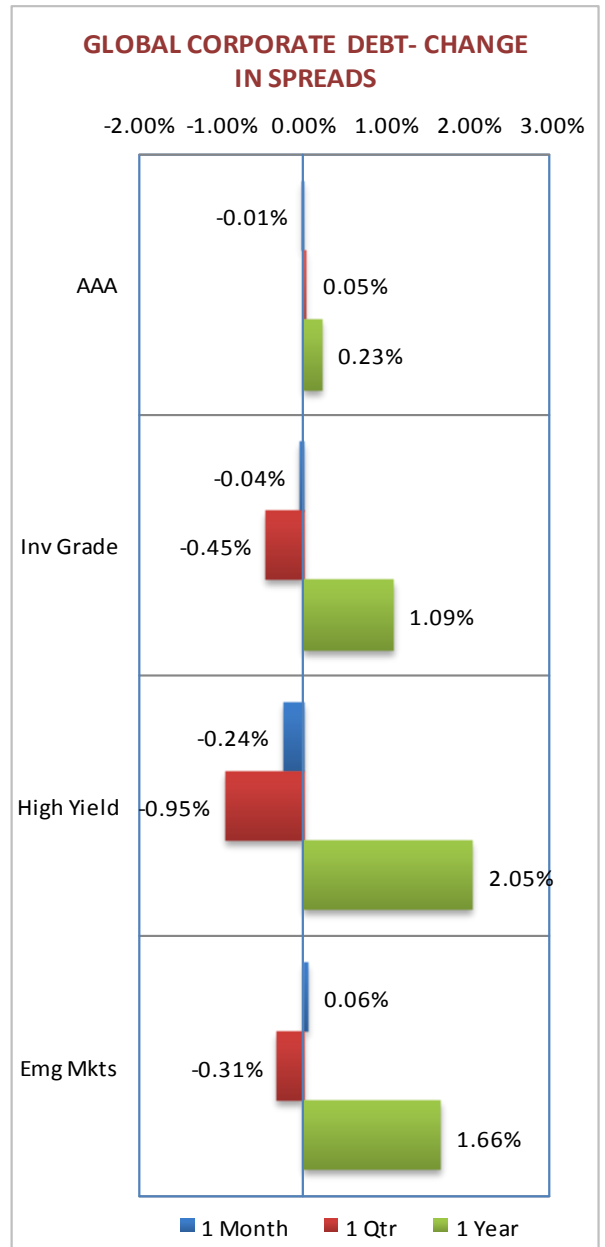
The Australian Dollar ended the month down compared to the USD, -0.43%, and the JPY, -1.40%, due to the lower returns offered by Australian fixed interest investments as a result of the RBA interest rate cut. Although Australian investments had lost some appeal to investors, a relative gain of 3.24% of the AUD against the EUR and 0.68% against the GBP was still realised due to the lack of confidence in European investments.

Cash, Fixed Interest & Credit (cont)



This chart shows the change in Government Bond yields over the past 1 month, 1 quarter and 1 year. A negative change in yields indicates a rise in Bond prices. Country weightings for the Barclays Global Aggregate Index, as at 31 May 2010 were as follows: Aus 1%; UK 6%; US 26%; Japan 33%.

This chart shows the change in Global corporate debt spreads over the past 1 month, 1 quarter and 1 year. A negative change in spreads indicates a rise in corporate debt security prices and vice versa.



Australian Shares

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
Australian Shares	S&P/ASX 300	-1.44	2.05	-10.98	7.67	-2.39	-9.83	-10.98
Australian Shares - Market Cap	ASX 50 Leaders	-1.02	2.33	-8.97	7.60	-1.49	-9.16	-8.97
	ASX Midcap 50	-2.28	2.19	-16.30	5.79	-5.57	-12.86	-16.30
	ASX Small Ordinaries	-4.30	-0.60	-21.43	11.83	-5.18	-12.32	-21.43
	S&P/ASX Emerging Companies	-4.45	0.16	-23.38			-12.53	-23.38
Australian Shares - GICS Sectors	S&P/ASX 300 Materials	-4.13	-2.89	-23.54	10.30	3.06	-20.31	-23.54
	S&P/ASX 300 Industrials	-0.89	6.47	-7.11	5.36	-7.04	-3.92	-7.11
	S&P/ASX 300 Consumer Discretionary	-3.94	-0.47	-15.64	5.82	-10.41	-11.59	-15.64
	S&P/ASX 300 Consumer Staples	-1.28	-2.83	1.39	12.45	5.70	-3.73	1.39
	S&P/ASX 300 Energy	-5.11	1.90	-20.15	2.92	4.56	-14.89	-20.15
	S&P/ASX 300 Healthcare	1.68	5.08	-8.81	1.35	2.61	-4.97	-8.81
	S&P/ASX 300 Information Technologies	-0.87	0.90	-24.11	5.36	-2.81	-10.11	-24.11
	S&P/ASX 300 Telecommunication	5.07	6.96	33.99	8.13	6.06	21.63	33.99
	S&P/ASX 300 Financials ex Property	0.56	6.53	-2.58	13.00	-0.88	-5.01	-2.58
	S&P/ASX 300 Utilities	3.76	8.31	9.97	8.48	-1.92	7.39	9.97
	S&P/ASX 300 Property	-2.55	3.81	-1.56	2.32	-15.19	-4.64	-1.56

Summary of Statistics:

- **Australian shares** fell 1.44% in November, to bring accumulated losses for the past calendar year to 10.98%
- The strongest performers were **Telecommunications**, which gained 5.07%, and **Utilities** which progressed 3.76%
- **Energy** and **Materials** performed poorly losing 5.11% and 4.13% respectively. **Consumer Discretionary** and **Property** also declined posting losses of 3.94% and 2.55% respectively
- The **S&P/ASX Emerging Companies** was the weakest performer on a market cap basis, posting a loss of 4.45%. The **ASX Small Ordinaries** also performed poorly declining 4.30%.

Commentary:

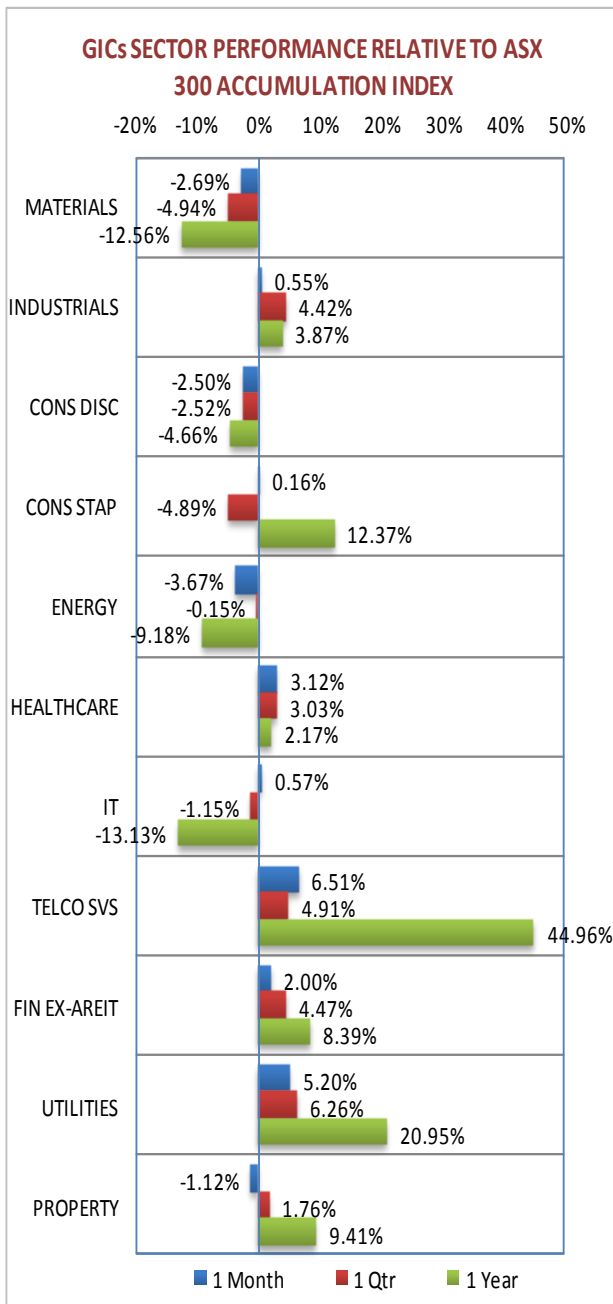
The first week of December saw the S&P/ASX 300 gain 4.9% after the Government voted to end the ban on uranium exports to India, thus facilitating new opportunities for the big miners to increase exports to the emerging nation. The positivity was short lived however as EU leaders failed to make a convincing case when they emerged from a meeting to discuss further integration of their economies in an attempt to solve the European sovereign debt crisis. Moody's validated this sentiment by placing fifteen out of the seventeen nations in the European Monetary Union on CreditWatch with a negative outlook. Further, unemployment figures were announced and came in higher than expected – 40,000 jobs were lost during November, pushing unemployment rate up to 5.3%. This string of negative announcements eliminated the early gains during the month to settle 1.44% down for the month and 10.98% down over the calendar year.

The worst performer during December was the S&P/ASX 300 Energy Sector which lost 5.11%. Leading the losses in this sector was Woodside Petroleum which fell 6.65% due to a court ruling in Western Australia which ruled that the company's attempt to acquire land for the Browse LNG precinct is not legal under Aboriginal land rights. Additionally, opposition from joint venture partners and the local communities have continually hindered the advancement of the venture. Origin Energy also underperformed in the Energy sector losing 5.79% wiping \$895m off its value in the process.

The Materials sector also underperformed posting a loss of 4.13% during December. The decline was attributed to the diminishing value of gold as investors seek higher returns in international debt and equity markets. Specialist gold miners led the decline with Eldorado Gold Corp losing 18.56% and Newcrest Mining falling 14.45%. The major miners also fell with Rio Tinto and BHP losing 4.21% and 1.43% respectively.

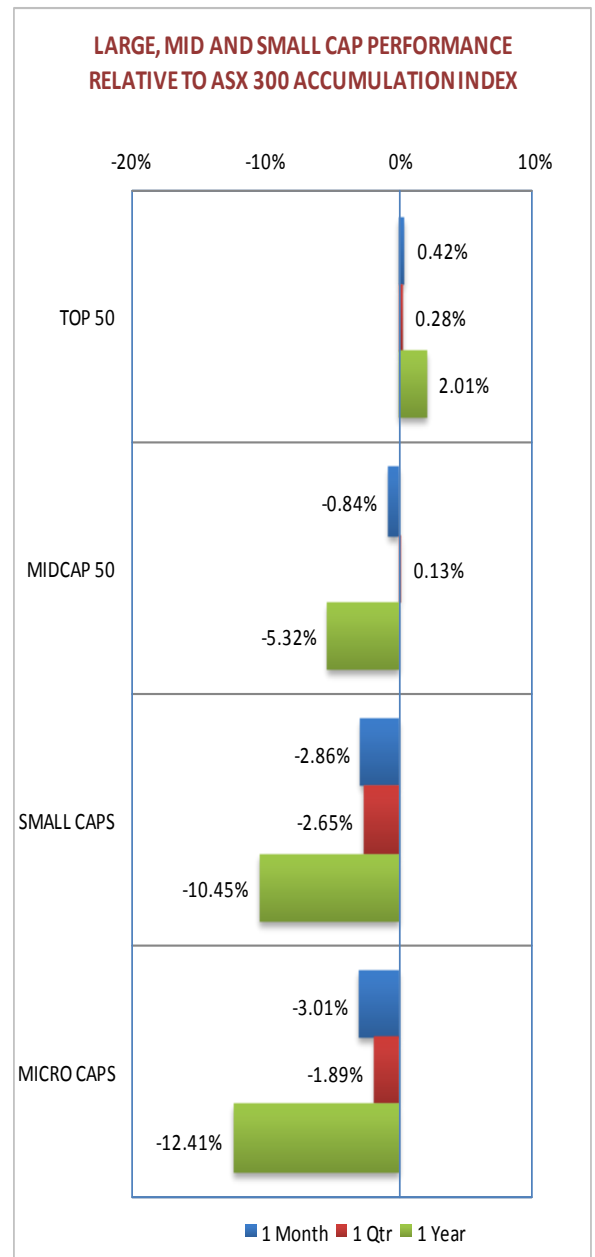
The Telecommunications sector had another strong month which saw iiNet rise 6.32% when it announced it had reached a binding agreement to takeover Internode. Telstra also continued its upward trend rising 5.38% for the month.

Australian Shares (cont)



This chart shows market capitalisation segmental performance relative to the ASX 300 Index. Please note the ASX Emerging Companies Index, as represented by Micro Caps in this chart has less than 1 year's performance history.

This chart shows GICs Sector performance relative to the ASX 300 Index, over the past 1 month, 1 quarter and 1 year time periods. GICs Sector weightings for the ASX 300 Index, as at 31 May 2010 were as follows: Materials 25%; Industrials 7%; Consumer Discretionary 4%; Consumer Staples 9%; IT 1%; Telecommunication Services 4%; Financials ex-AREIT 33%; Property 6%; Energy 7%; Utilities 1%; Healthcare 4%.



International Shares

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
International Shares in A\$	MSCI World Ex Au Unhedged A\$	0.21	2.00	-5.34	-2.58	-7.53	-6.15	-5.34
	MSCI World A\$	0.15	2.00	-5.55	-2.28	-7.37	-6.31	-5.55
	MSCI Small Cap World Ex Aus	-0.63	2.60	-9.07	3.98	-5.73	-10.10	-9.07
International Shares - Regional in A\$	MSCI North America	0.81	5.15	-0.08	0.21	-5.53	-1.13	-0.08
	MSCI Asia	0.90	-5.39	-15.94	-3.98	-7.70	-10.79	-15.94
	MSCI AC Asia ex-Japan	0.79	-2.08	-17.32	5.00	-2.67	-14.65	-17.32
	MSCI China	2.69	2.48	-18.42	-1.97	-2.73	-15.58	-18.42
	MSCI Europe	-1.34	-0.09	-11.07	-5.14	-10.06	-14.83	-11.07
	MSCI Emerging Markets	-1.00	-1.00	-18.44	5.59	-2.84	-15.55	-18.44
	MSCI India	-5.81	-18.70	-37.17	1.58	-6.22	-28.31	-37.17
	MSCI Japan	1.03	-8.86	-14.34	-10.60	-11.34	-6.07	-14.34
International Shares - Hedged	MSCI World ex Au Local Currency *	0.66	8.00	-5.28	9.45	-3.47	-8.10	-5.28
International Shares - Gold Shares in A\$	FTSE Gold Mines	-14.26	-11.27	-15.89	-1.46	0.97	-2.23	-15.89
International Shares - Global Resources in A\$	HSBC Global Mining	-7.57	-3.98	-27.55	10.06	-0.20	-20.57	-27.55

Summary of Statistics:

- **International Shares (ex-Australia)** gained a marginal 0.21% to end the year down 5.34%.
- On a regional basis, **China** gained 2.69% leading the MSCI Asia index which was up 0.90%.
- **Indian** equity markets continued to struggle falling 5.81% bringing the accumulated losses for 2011 to 37.17%.
- The **FTSE Gold Mines Index**, which measures global gold shares in AUD, fell 14.26%.
- The **HSBC Global Mining Index (A\$)** fell 7.57%.

Commentary:

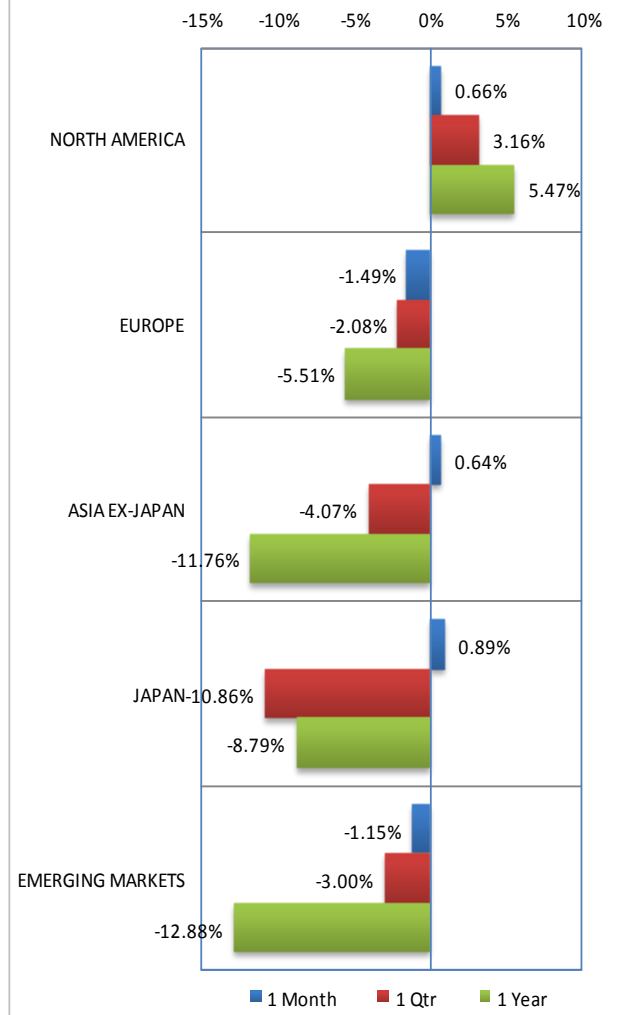
Leading macroeconomic indicators, such as the HSBC Manufacturing PMI which peaked at 50.3, informed investors that there is future potential for positive returns in Chinese equity markets. The market responded by adding 2.69%, outperforming the MSCI World Ex Australia (Unhedged) by 2.40%.

Persistent positive macroeconomic data from the US, which was reaffirmed during December, continued to aid the recovery of the US stock market. Notable statistics included: increased construction spending; lower unemployment figures; and, improved manufacturing data. As a result, the MSCI North America Index added 0.81% to end the year 0.08% down.

The MSCI Europe Index fell 1.34% due to the ongoing economic instability in the Eurozone. Within the region, the FTSE 100 went against the flow by posting a return of 1.20% for the month. Investors reacted positively to the British Prime Minister's strong resolve when he did not commit to the most recent measures to prevent the Euro crisis from spreading. Additionally, convincing consumer confidence statistics drove investors towards British equities.

The price of gold dropped during December triggering a miserable month for gold shares had which fell 14.26%, as measured by the FTSE Gold Mines Index.

REGIONAL PERFORMANCE RELATIVE TO MSCI WORLD INDEX IN UNHEDGED \$A TERMS



This chart shows Regional performance relative to the MSCI World Index in Unhedged \$A terms, over 1 month, 1 quarter and 1 year time periods. Regional weightings for the MSCI World Index, as at 31 May 2010 were as follows: North America 58%; Europe 29%; Asia ex-Japan 2%; Japan 11%. Note Emerging Markets is not part of the index.

Property & Infrastructure

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
Australian Listed Property	S&P/ASX 300 Property	-2.55	3.81	-1.56	2.32	-15.19	-4.64	-1.56
Global Listed Property - Hedged in A\$	FTSE E/N Dev	1.14	6.12	-7.23	10.67	-10.08	-11.11	-7.23
Australian Listed Infrastructure	S&P/ASX 300 Utilities	3.76	8.31	9.97	8.48	-1.92	7.39	9.97
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Utilities	2.15	5.25	4.66	9.86	0.79	0.06	4.66
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	0.07	2.20	-13.39	2.12	-2.58	-13.56	-13.39

Summary of Statistics:

- The **S&P/ASX 300 Property Index** wiped off the gains of the previous month to finish 2.55% lower while **Global Listed Property**, measured by the FTSE E/N Developed Index, gained 1.14%.
- Australian Listed Infrastructure** gained 3.76% during December outperforming **Global Listed Infrastructure** which added 2.15%.

Commentary:

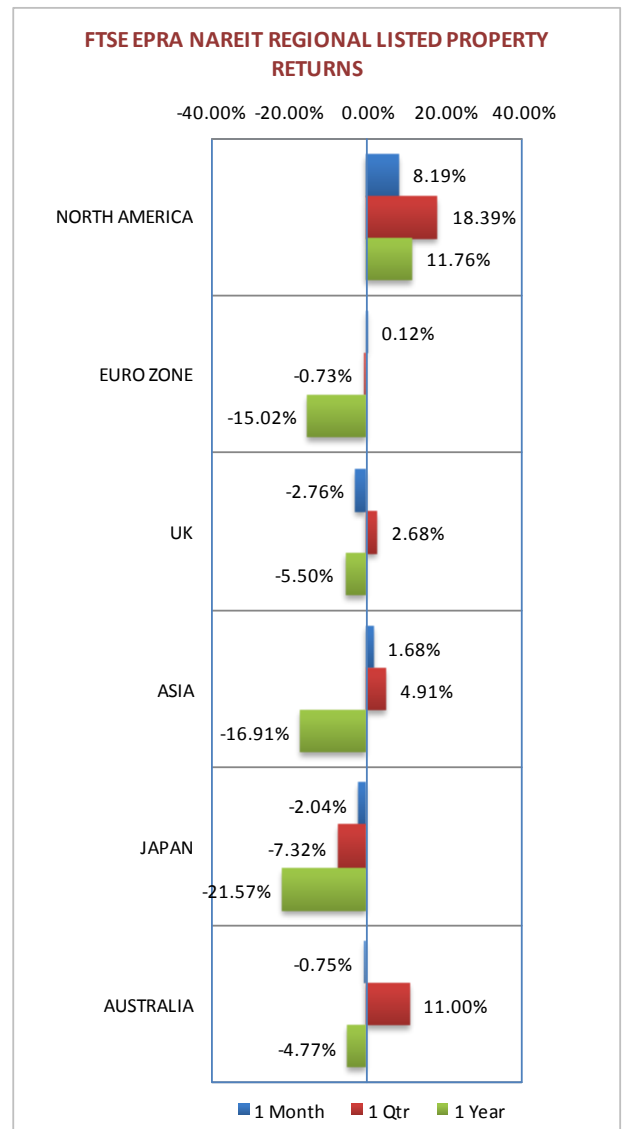
Australian Listed Property performed poorly during December retreating 2.55% during December. Major contributors to this decline were Westfield Group, which ended the month 4.76% lower, as well as CFS Retail Property Trust and Mirvac Group, which fell 4.89% and 5.51% respectively.

Global Property fared better gaining 1.14% with particularly strong results generated in North America, where returns exceeded the benchmark by 8.19%. The increasing confidence of US consumers, along with more optimistic macroeconomic data, has prompted investors to pursue higher risk and return investments.

Australian Listed Infrastructure performed positively gaining 3.76%, judged by the S&P/ASX 300 Utilities Index, bringing the return for the calendar year to 9.97%. Central to this gain was Hastings Diversified Utilities which gained 20.64% after a takeover bid from APA Group. Energy World Corp and Spark Infrastructure Group also performed strongly rallying 12.29% and 8.27% respectively.

Global Listed Infrastructure also rallied 2.15% to end the calendar year 4.66% stronger.

This chart shows Regional performance relative to the FTSE EPRA/NAREIT Index, over 1 month, 1 quarter and 1 year time periods. Regional weightings for the FTSE Index, as at 31 May 2010 were as follows: North America 46%; Europe ex-UK 10%; UK 5%; Asia ex-Japan 20%; Japan 10%;



Data source: Bloomberg

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