

Market Indicators

Market	Indicator	End of Month	Previous Month	1 Month Change	12 Months Ago	12 Month Change
Interest Rates	Overnight Cash	4.50	4.50	0.00%	3.00	33.33%
	3 Month BBSW	4.88	4.83	1.13%	3.50	28.32%
	10 Year Bond	5.11	5.38	-5.29%	5.50	-7.74%
Australian Shares	All Ords	4324.80	4453.60	-2.98%	3947.80	8.72%
	S&P/ASX 200	4301.50	4429.70	-2.98%	3954.90	8.06%
Regional Shares	Dow Jones Industrials (US)	9774.02	10136.63	-3.71%	8447.00	13.58%
	S&P 500 (US)	1030.71	1089.41	-5.70%	919.32	10.81%
	FTSE 100 (UK)	4916.87	5188.43	-5.52%	4249.21	13.58%
	TOPIX (Japan)	841.42	880.46	-4.64%	929.76	-10.50%
	Hang Seng (Hong Kong)	20128.99	19765.19	1.81%	18378.73	8.70%
Property	ASX 300 A-REITS Index	831.80	852.20	-2.45%	738.80	11.18%
	US\$ Gold Price	1242.25	1216.20	2.10%	926.60	25.41%
	US\$ Oil Price – W Texas Crude	75.63	73.97	2.19%	69.89	7.59%
	US\$ CRB Spot Commodity Index	418.89	424.86	-1.43%	360.84	13.86%
Exchange Rates	AUD / USD	0.8467	0.8432	0.41%	0.8075	4.63%
	AUD / EUR	0.6908	0.6858	0.72%	0.5747	16.81%
	AUD / GBP	0.5658	0.5803	-2.56%	0.4905	13.32%
	AUD / JPY	75.01	76.83	-2.43%	77.77	-3.68%
	TWI	67.30	67.50	-0.30%	64.70	3.86%
Volatility	VIX Index	34.54	32.07	7.15%	26.35	23.71%

Key Points:

- In June the Australian Dollar (AUD) appreciated against the USD (+0.41%) and the Euro (+0.72%), while it fell against the Pound (-2.43%). On a trade weighted basis the AUD finished the month 0.30% lower.
- Australian shares weakened 2.98% in June, as measured by the S&P/ASX All Ordinaries Index. Mid caps (-4.01%), small caps (-3.73%) and micro caps (-4.90%) all underperformed large caps (-2.35%).
- Global equity markets weakened 4.10% in June on an \$A unhedged basis, as measured by MSCI World Index. India (+3.56%) was the best performing region, whilst North America (-6.01%) performed the worst during June. In local currency terms, global equity markets fell 4.22%.
- The Gold Price rose 2.10% in June, trading at \$US1242 at month's end.
- Volatility rose for the third consecutive month, up 7.15%, as measured by the VIX Index.
- The RBA left the official cash rate on hold at 4.50%, in line with consensus. The Australian Government 10 year Bond rallied, with yields finishing the month 27bps lower.

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	1.12	3.89	5.56	5.77	3.89	2.15
Australian Bonds	UBSA Australia Composite All Maturities	1.37	3.60	7.86	7.67	6.06	7.86	4.90
International Bonds	Barclays Global Aggregate (USD Hedged)	0.91	2.26	7.67	6.56	4.86	7.67	3.99

Summary of Statistics:

- **Australian Cash** returned 0.40% in June, returning 3.89% for the 2009-2010 Financial Year, as measured by the UBS Bank Bill Index.
- **Australian Bonds** rose 1.37% in June, as measured by the UBS Composite All Maturities Index. Australian 10 year government bonds are now yielding 5.11% in comparison to 5.38% last month and 5.52% one year ago.
- **International Bonds** rose 0.91% in June, as measured by the Barclays Global Aggregate (Hedged \$USD) Index. 10 year bond yields fell in the US (from 3.29% to 2.95%) and Germany (from 2.65% to 2.57%)
- In the **Global Corporate Debt Market** investment grade credit outperformed high yield.

Commentary:

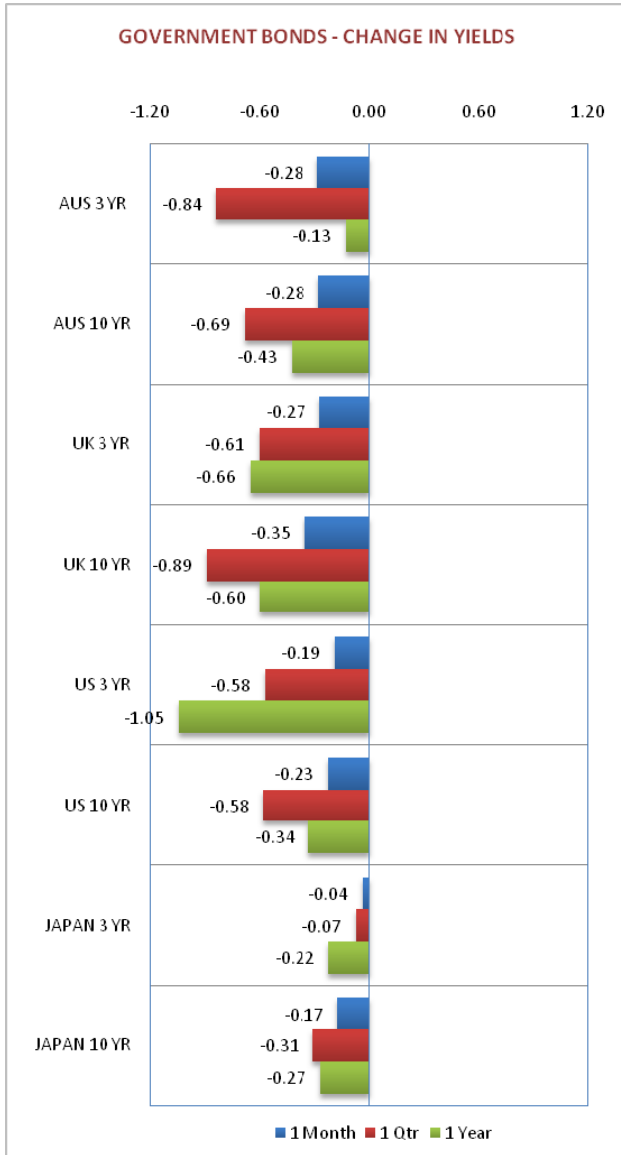
Government bonds rallied in June based on mounting negative sentiment on economic growth and a concern that European banks may face a liquidity shortage when they repay their emergency loans on July 1. The Australian 10 year Bond finished the month at 5.11% (yield falling 17bps). US 10 year bonds (yield fell by 35bps), UK bonds (yield fell by 23bps) and Japanese bonds (yield fell by 13bps) also rallied.

During the month European sovereign debt concerns remained in focus (in particular European banks ability to repay emergency loans). US economic data also largely disappointed. Late month, global leaders gathered for the G20 summit held in Toronto, to discuss global economic issues. The leaders agreed cut Government deficits by at least half by 2013 based on further austerity measures.

Higher rated credit outperformed in June. Global investment grade credit spreads narrowed by 33bps, whilst Global high yield spreads widened by 12 bps, representing a flight to quality.

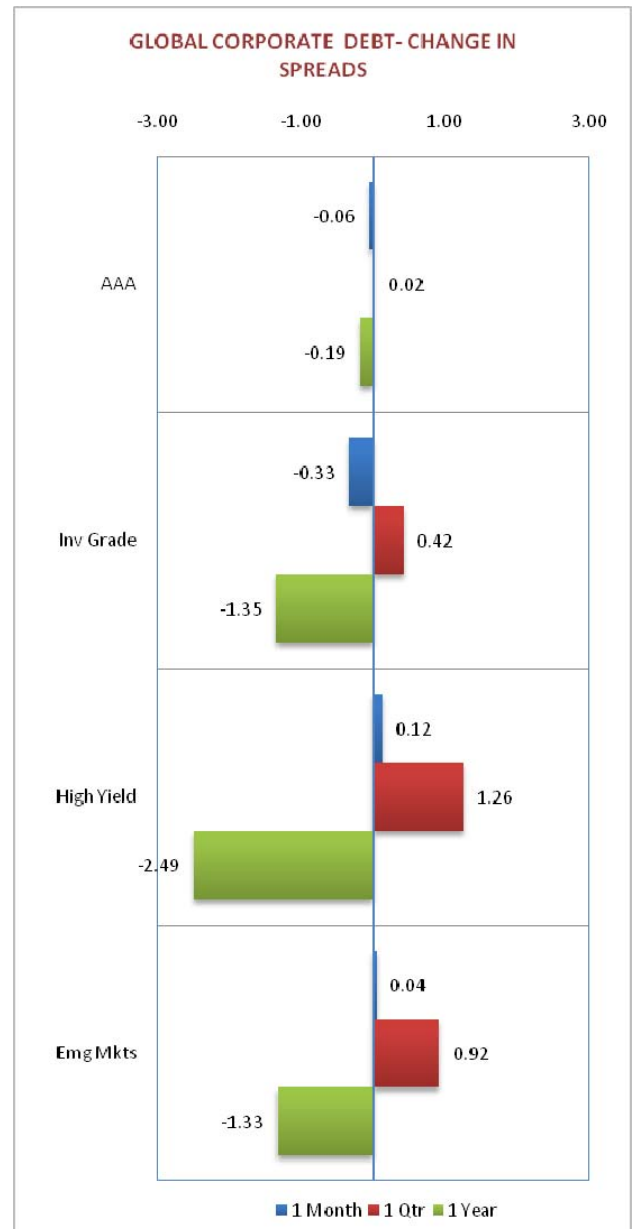
Domestically, the RBA left the official cash rate on hold at 4.50%, in line with consensus. RBA minutes released signalled that interest rates are at historical average, hinting that rates are likely to remain unchanged in the near term.





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 and vice versa. 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	-2.65	-11.20	13.05	-8.05	4.49	13.05	-10.09
Australian Shares - Market Cap	ASX 50 Leaders	-2.35	-11.21	13.46	-6.40	5.03	13.46	-9.46
	ASX Midcap 50	-4.01	-10.78	11.71	-12.64	2.52	11.71	-12.43
	ASX Small Ordinaries	-3.73	-11.59	11.18	-14.20	2.74	11.18	-12.98
	S&P/ASX Emerging Companies	-4.90	-13.18					-16.35
Australian Shares - GICS Sectors	S&P/ASX 300 Materials	-1.16	-10.53	16.18	-1.85	13.13	16.18	-9.33
	S&P/ASX 300 Industrials	-6.88	-18.86	10.71	-18.93	-3.87	10.71	-18.95
	S&P/ASX 300 Consumer Discretionary	-5.08	-12.12	15.65	-15.43	-2.79	15.65	-9.62
	S&P/ASX 300 Consumer Staples	0.71	-4.45	17.67	2.52	11.39	17.67	-2.75
	S&P/ASX 300 Energy	-2.90	-11.89	-2.70	2.40	12.44	-2.70	-12.18
	S&P/ASX 300 Healthcare	-0.22	-10.69	2.95	0.55	10.56	2.95	-6.58
	S&P/ASX 300 Information Technologies	-2.35	-12.62	17.73	-5.15	11.16	17.73	-6.77
	S&P/ASX 300 Telecommunication	9.20	6.89	4.89	-2.90	0.51	4.89	-0.92
	S&P/ASX 300 Financials ex Property	-5.20	-14.57	19.35	-6.51	5.57	19.35	-11.53
	S&P/ASX 300 Utilities	1.95	-6.08	8.72	-12.87	2.52	8.72	-4.01
	S&P/ASX 300 Property	-1.02	-1.54	20.34	-24.31	-8.34	20.34	-3.15

Summary of Statistics:

- **Australian Shares**, as measured by the S&P/ASX All Ordinaries Index weakened in June, down 2.98% during month.
- **Micro Cap** companies performed the worst during the month, finishing down 4.90% as measured by the S&P/ASX Emerging Companies Index.
- On a **Sector** basis, Telecommunication Services (+9.20%) was the best performing sector, with the Industrials (-6.88%) and Consumer Discretionary (-5.08%) sectors performing the worst.
- The Australian share market outperformed the MSCI World Index on both an unhedged and a hedged basis during June.

Commentary:

The Australian market weakened in June, after it had performed strongly in the middle half of the month (up 2.70% by mid-month). The market finished the month down 2.98%, which was 5.72% down from the mid-month high.

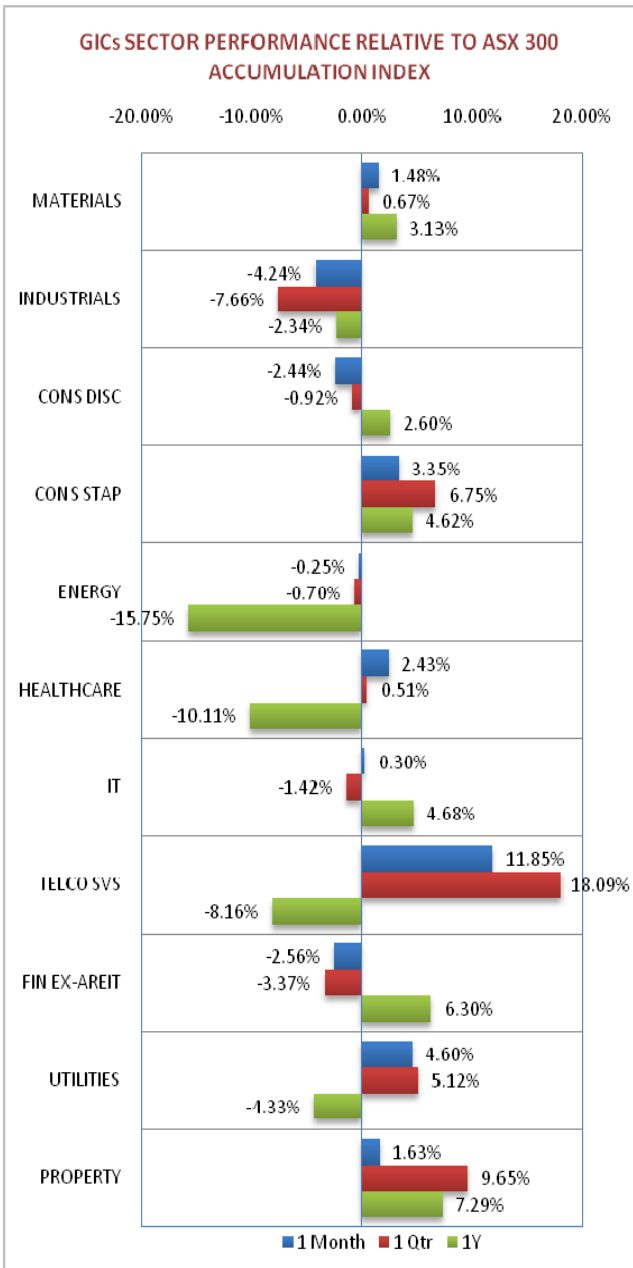
Key drivers during the month were a mixture of offshore and local leads. While US unemployment rate disappointed, Australia's unemployment rate pleased the market and combined with strong Chinese leads, the market rallied by mid-month. Late month, a string of poor US economic releases and concern over European bank loan repayments led to a sharp fall.

In company specific news, Telstra accepted terms of an \$11 billion agreement with the National Broadband Network Co (NBNCo) which will upgrade the infrastructure of the Australian telecommunication network. The project is estimated for completion in 8 years. The deal boosted the Telecommunication Services sector, making it the strongest performer for the month.

Late month, there was a change in leadership of the Australian government as Kevin Rudd was replaced by his deputy Julia Gillard, following a continued fall in approval ratings. Ms Gillard soon amended the mining profits tax, the effects of which have not yet significantly influenced the Mining sector.

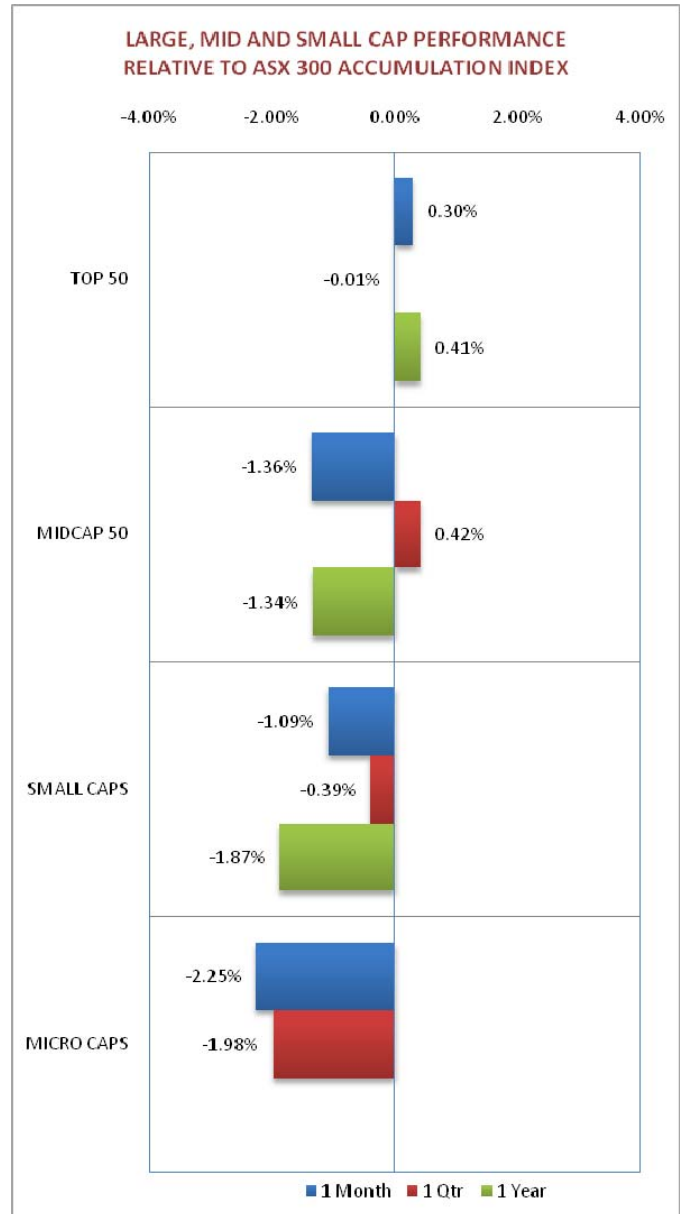


Australian Shares (cont)



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	Total Return Indices	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\$	-4.15	-4.81	5.22	-11.47	-3.42	5.22	-3.75
	MSCI World A\$	-4.10	-5.10	5.48	-11.33	-1.97	5.48	-4.00
	MSCI Small Cap World Ex Aus	-4.86	-10.59	19.36	-11.01	0.08	19.36	-3.92
International Shares - Regional in A\$	MSCI North America	-6.01	-3.91	9.11	-9.64	-2.63	9.11	-0.82
	MSCI Asia	-0.85	0.52	5.88	-7.43	2.38	5.88	3.07
	MSCI AC Asia ex-Japan	0.99	3.33	16.90	-1.75	9.07	16.90	2.53
	MSCI China	0.53	3.64	6.14	0.95	18.52	6.14	-0.05
	MSCI Europe	-1.44	-7.84	1.17	-14.90	-1.77	1.17	-11.32
	MSCI Emerging Markets	-1.43	-0.43	17.87	-2.35	10.44	17.87	-0.09
	MSCI India	3.56	6.23	26.38	3.06	16.90	26.38	9.14
	MSCI Japan	-2.69	-2.28	-3.56	-11.87	-2.18	-3.56	3.59
International Shares - Hedged	MSCI World ex Au Local Currency *	-4.22	-11.17	11.50	-11.63	-0.74	11.50	-6.92
International Shares - Gold Shares in A\$	FTSE Gold Mines	3.98	25.01	25.42	15.72	14.03	25.42	18.10
International Shares - Global Resources in A\$	HSBC Global Mining	-5.04	-7.69	21.52	-2.88	15.68	21.52	-5.70

Summary of Statistics:

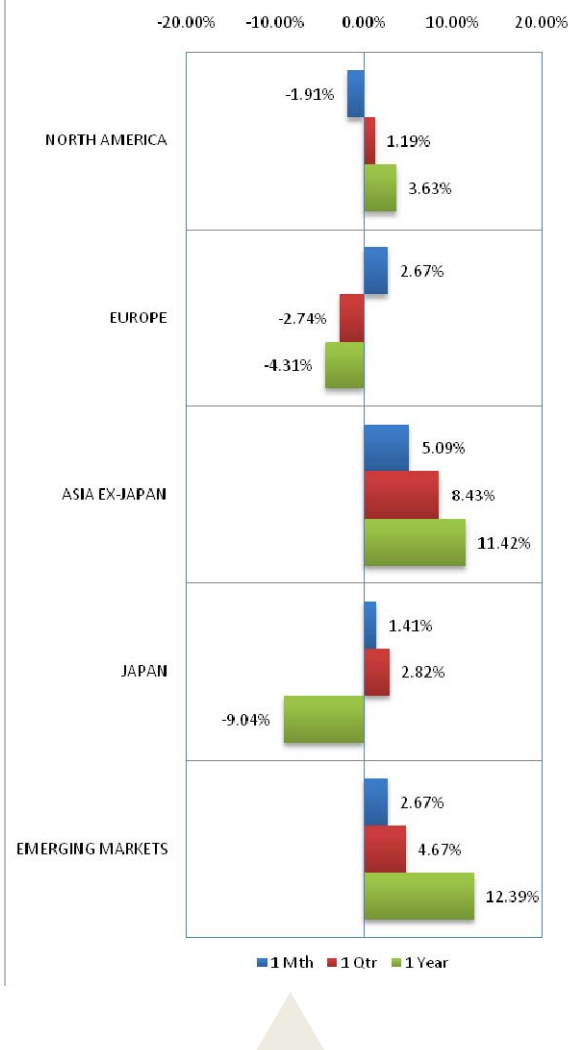
- **International Shares (ex-Australia)** fell 4.15% in June on an unhedged basis, returning 4.22% in local currency terms.
- **Small Caps** underperformed the broader market, returning -4.86%.
- On a **Regional** basis, India (+3.56%) was the best performing region, whilst North America (-6.01%) performed the worst.

Commentary:

Global equities markets weakened during the month. Economic news released during the month was generally of a negative nature, dampening the positive momentum that built mid-month on the back of strong Chinese exports and growth in its trade surplus to US\$ 19.5billion. The Peoples Bank of China also announced that it would allow for a more flexible Yuan currency. US employment data disappointed when the 431,000 jobs created did not meet expectations of 536,000 jobs. US Retail and Housing data also disappointed. Also affecting global equity markets was the repayment of €442 billion in emergency loans by European banks on July 1st, with investors concerned with a possible liquidity shortage.

In sector specific news, late month the financial sector sighed relief when US regulators eased the proposed financial-reform Bill. The Bill was originally set to include a ban on banks investing in hedge-funds and buy-out funds as a form of risk aversion. It also modified the legislation that would have made it easier to sue ratings agencies, such as Moody's, S&P and Fitch. Overall, the financial sector reacted positively to the amended bill.

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	Total Return Indices	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	-1.02	-1.54	20.34	-24.31	-8.34	20.34	-3.15
Global Listed Property - Hedged in A\$	FTSE E/N Dev	-2.59	-7.56	22.11	-15.47	-9.59	22.11	-3.56
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Utilities	0.12	-5.99	15.76	-7.24	4.34	15.76	-3.48
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	0.56	4.06	7.94	-1.97	9.23	7.94	1.90

Summary of Statistics:

- In June **Australian Listed Property** (-1.02%) outperformed **Global Listed Property** (-2.59%) for the first time in several months.
- Global Listed Infrastructure** returned 0.12%, underperforming **Global Emerging Markets Listed Infrastructure** which returned 0.56% for the month.

Commentary:

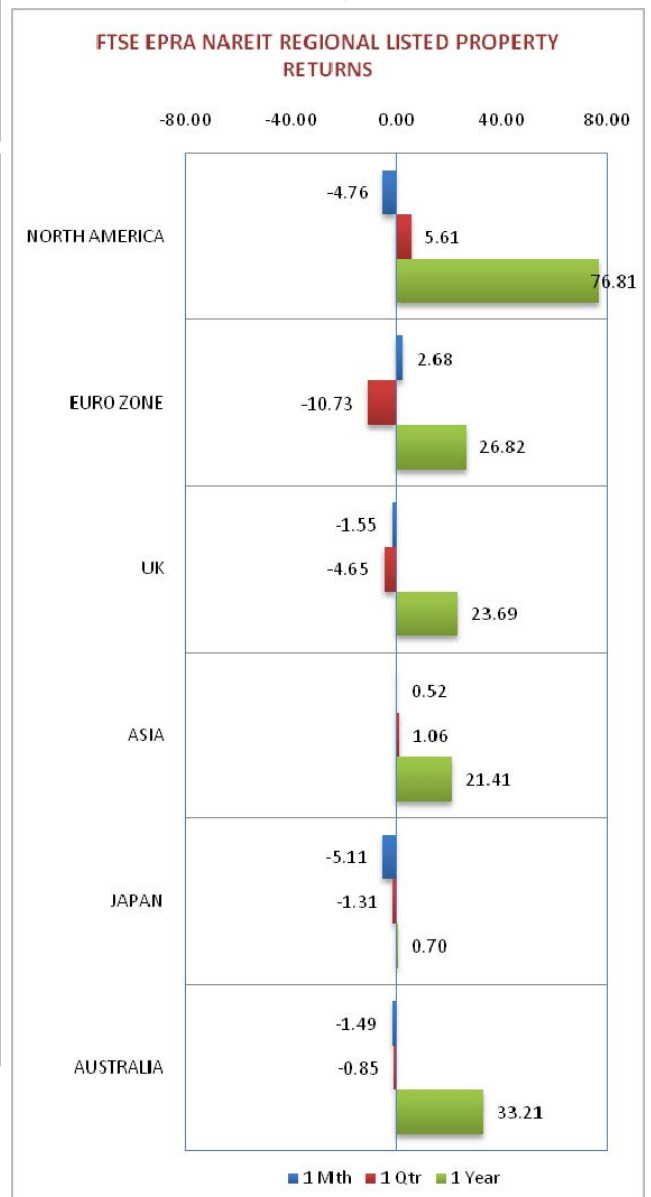
In June the global property sector, as measured by the FTSE EPRA/NAREIT Developed market Index outperformed the broader equity market. The Index is now widely accepted by fund managers as the most appropriate global property Index. On a regional perspective, North America underperformed on a relative basis, however still remains the strongest contributor over 3 month and 1 year time periods. Japan continues to underperform on a one month and one year basis. This is largely due to office vacancy rates, which hit a 2 year high in Tokyo for the month of May.

Domestically, the property market outperformed both the broader Australian equities and global property markets returning -1.02% for the month. The Index also outperformed the broader Australian equities market over the 2009/10 financial year.

In domestic company-specific news, Mirvac reaffirmed its operating earnings and stated conditions in the residential property sector were improving, supported by a 16% rise in Mirvac's residential sales from 6 months ago. Mid-month the company defended its \$443 million bid for Westpac Office Trust, claiming the acquisition would increase Mirvac's \$4 billion property portfolio by 20%.

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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%; Australia 9%.



Datasource: Bloomberg

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