

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	1.50%
	3 Month BBSW	4.87	4.85	0.02%	3.42	1.45%
	10 Year Bond	4.99	4.76	0.23%	5.43	-0.44%
Australian Shares	All Ords	4636.90	4438.80	4.27%	4739.30	-2.21%
	S&P/ASX 200	4582.90	4404.20	3.90%	4743.60	-3.51%
Regional Shares	Dow Jones Industrials (US)	10788.05	10014.72	7.17%	9712.28	9.97%
	S&P 500 (US)	1141.20	1049.33	8.05%	1057.08	7.37%
	FTSE 100 (UK)	5548.62	5225.22	5.83%	5133.90	7.47%
	TOPIX (Japan)	829.51	804.67	2.99%	909.84	-9.68%
	Hang Seng (Hong Kong)	22358.17	20536.49	8.15%	20955.25	6.27%
Property	ASX 300 A-REITS Index	851.60	860.50	-1.05%	948.20	-11.34%
	US\$ Gold Price	1308.35	1247.45	4.65%	1007.70	22.98%
	US\$ Oil Price – W Texas Crude	79.97	71.92	10.07%	70.61	11.70%
	US\$ CRB Spot Commodity Index	487.37	455.07	6.63%	372.37	23.60%
Exchange Rates	AUD / USD	0.9656	0.8897	7.86%	0.8837	8.48%
	AUD / EUR	0.7090	0.7011	1.11%	0.6035	14.88%
	AUD / GBP	0.6140	0.5800	5.53%	0.5517	10.14%
	AUD / JPY	80.59	74.84	7.13%	79.25	1.66%
	TWI	73.00	69.00	5.48%	68.20	6.58%
Volatility	VIX Index	23.70	26.05	-9.92%	25.61	-8.06%

Key Points:

- In August the Australian Dollar (AUD) thrived against the major currencies closing 7.86% higher against the USD, 1.11% higher against the EURO and 5.53% higher against the GBP.
- The RBA cash rate remained at 4.50%. Positive economic data have solidified expectations of a 25bp rate rise in November. Bonds eased off slightly with a flurry of new issues in the market, the 90 Day bank bill swap rate increasing by 0.02% and 10 year bonds adding a further 0.23%.
- The S&P/ASX 300 Index put on a healthy 4.79% gain over the month, returning a solid 8.29% for the quarter. Gains were enjoyed across all capitalisation bands. Small Caps leading the way, adding 9.07% for the month.
- Global markets remained relatively flat throughout September with the MSCI World Index (Ex Aus, unhedged) returning just 0.33% for the month. India and Asian (ex Japan) markets were the strongest performing regions in Australian dollar terms, adding 6.89% and 2.33% respectively. Japan suffered a 3.87% loss.
- Gold price continued to rally throughout September hitting a record high of US\$1,320.80 per ounce before easing off to close the month at US\$1,308.35 per ounce.
- Volatility, as measured by the VIX Index, continued to decline, with a decrease of 9.92% throughout September.

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	0.37	1.20	4.30	5.41	5.73	1.20	3.39
Australian Bonds	UBSA Australia Composite All Maturities	-0.90	1.28	7.34	7.59	6.19	1.28	6.24
International Bonds	Barclays Global Aggregate (USD Hedged)	-0.22	2.26	6.65	6.44	5.34	2.26	6.34

Summary of Statistics:

- **Australian Cash** returned 0.37% in September, returning 4.30% for the last 12 months.
- **Australian Bonds** slipped by 0.90% in September, but have returned 7.34% over the last 12 months as measured by the UBS Composite All Maturities Index.
- **International Bond prices** lost 0.22% after the August rally, as measured by the Barclays Global Aggregate (Hedged \$USD) Index. Spreads on 3 year government bonds in the UK and US gained marginally with 0.04% and 0.12% respectively.
- In the **Global Corporate Debt Market** high yield debt bounced back with spreads tightening by 0.55%, emerging market debt spreads shrunk by 0.19% and investment grade debt spreads lost 0.12%.

Commentary:

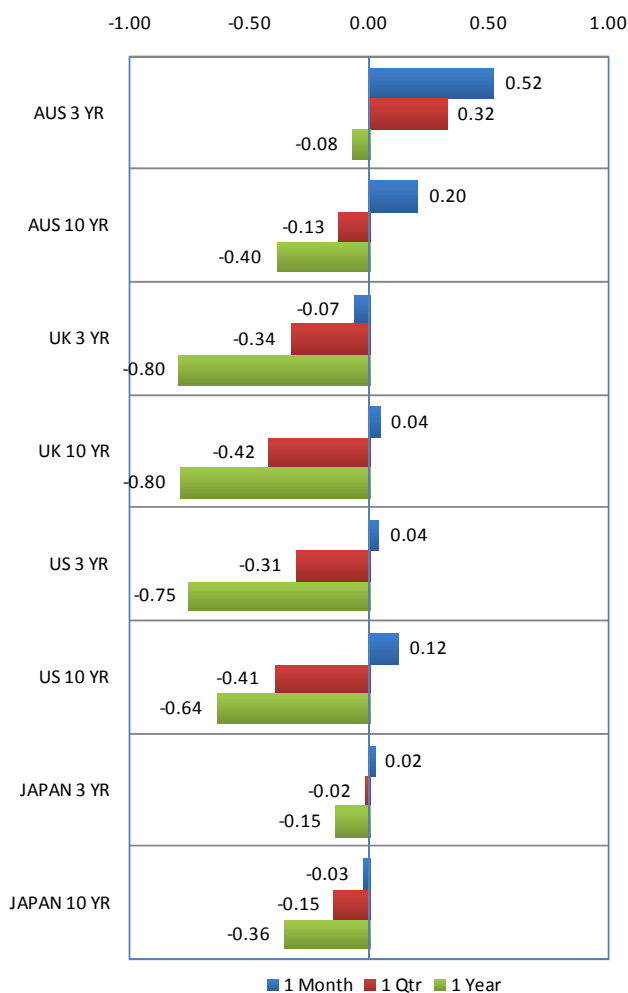
Domestic rates increased across short-term issues in September as the market adjusted for a change in sentiments regarding the RBA cash rate. Rates remained at 4.50% throughout September; however expectations for a 25bp rate rise in November were reinforced by a hawkish speech from RBA Governor Glenn Stevens and were supported by strong economic data, both domestically and in China. An upward surprise of 0.90% in GDP, along with a 0.20% decline in unemployment, helped bolster the local debt market, which has seen an increase in demand for domestic bank senior debt and Government guaranteed bank paper, which has been met with a flurry of new issues.

September was a turbulent month for global money markets, opening with a barrage of pessimistic predictions and forecasts. Holding up the negative end of the spectrum was the renowned Dr Doom, Nouriel Roubini, predicting a 40% of chance of a double dip recession in the US. Bonds continued to rally across all yields and credit ratings with yields on 10-year US Treasury notes are hovering just above record lows of around 2.50%. The Fed is concerned by current 1.40% level of inflation in the US and is taking measures to drive it up towards the desired 1.70% - 2.00% target range. Sub-investment grade debt securities are also performing strongly, with the Bank of America Merrill Lynch junk bond index rising above 100 for the first time since June 2007.

The evolution of the Basel Accords took another step forward mid September with the announcement of Basel III, prescribing tighter capital adequacy requirements and risk management measures for banks. In particular, these measures targeted banks' abilities manage exposure to derivatives and other financing instruments, encouraging more conservative and sustainable business strategies. Other new measures seek to reduce the potential impacts of excess leveraging and model and measurement errors. Banks have been given until 2015 to comply with the Tier 1 capital requirements with a 4 year buffer to comply with all the changes. There are few implications for Australian banks however, who are already in compliance with the tighter regulations.

*Zenith has converted USD data to AUD series using 3-month forward rates

GOVERNMENT BONDS - CHANGE IN YIELDS

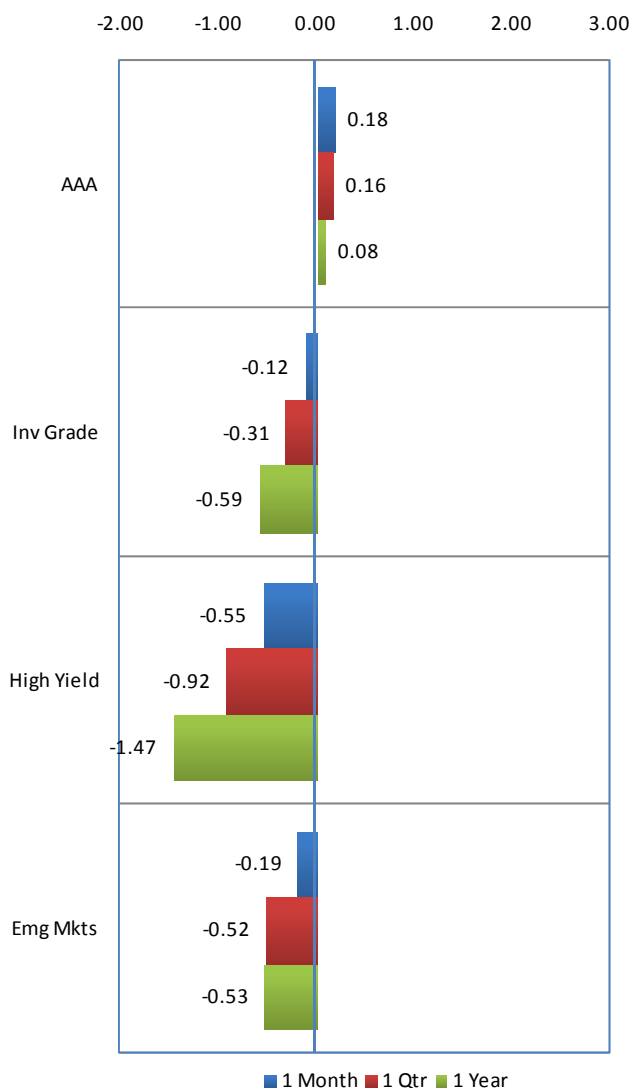


This chart shows the change in Government Bond yields over the past 1 month, 1 quarter and 1 year. A negative change in yields indicates a rise in Bond prices. Country weightings for the Barclays Global Aggregate Index, as at 31 May 2010 were as follows: Aus 1%; UK 6%; US 26%; Japan 33%.

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.

The below shows a mild decrease in 1-month spreads, across all debt classes, with a larger tightening in the long term maturities.

GLOBAL CORPORATE DEBT- CHANGE IN SPREADS



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	4.79	8.29	0.65	-7.31	4.16	8.29	-2.63
Australian Shares - Market Cap	ASX 50 Leaders	4.29	7.17	0.27	-6.38	4.64	7.17	-2.97
	ASX Midcap 50	5.05	10.13	-1.16	-10.90	1.96	10.13	-3.56
	ASX Small Ordinaries	9.07	16.83	6.63	-9.47	3.44	16.83	1.67
	S&P/ASX Emerging Companies	15.21	28.12				28.12	7.17
Australian Shares - GICS Sectors	S&P/ASX 300 Materials	7.90	10.93	14.54	-3.60	10.96	10.93	0.58
	S&P/ASX 300 Industrials	7.76	18.18	0.00	-14.66	-1.66	18.18	-4.22
	S&P/ASX 300 Consumer Discretionary	5.05	8.08	-1.63	-12.98	-2.42	8.08	-2.32
	S&P/ASX 300 Consumer Staples	3.81	12.73	14.79	5.44	12.44	12.73	9.63
	S&P/ASX 300 Energy	3.01	8.72	-6.93	2.66	10.53	8.72	-4.52
	S&P/ASX 300 Healthcare	2.52	3.97	-2.54	-2.06	8.30	3.97	-2.87
	S&P/ASX 300 Information Technologies	3.41	-3.20	-9.35	-0.87	8.13	-3.20	-9.75
	S&P/ASX 300 Telecommunication	-4.49	-11.98	-9.86	-6.67	0.74	-11.98	-12.79
	S&P/ASX 300 Financials ex Property	5.14	8.45	-4.08	-4.96	5.35	8.45	-4.05
	S&P/ASX 300 Utilities	7.00	11.83	13.12	-9.09	2.74	11.83	7.35
	S&P/ASX 300 Property	-0.85	3.77	-4.52	-24.65	-8.39	3.77	0.49

Summary of Statistics:

- The S&P ASX 300 Accumulation index finished the quarter off on a positive note with a solid 4.79% gain, outperforming the MSCI World Index once again. The index returned a total of 8.29% for the quarter.
- Materials and Industrial sectors performed strongly on the back of strong economic data from China and favourable commodities prices. Telstra dragged the Telecommunications sector down, with a 4.49% loss.
- The S&P/ASX Emerging Companies index had a bumper month with a 15.21% gain, followed by the ASX Small Ordinaries with 9.07%.

Commentary:

With the Labor government tenuously reinstated, an upbeat reporting season and positive economic data, Australian investors expressed confidence in the local market with the S&P ASX 300 rising 4.79% for the month. Materials and industrial sectors added the most with gains of 7.90% and 7.76% respectively. All other sectors had moderate gains with the exception of Telecommunications and Property.

Mining and resources companies were blessed with favourable prices, with gold and other commodities reaching record highs. Fortescue Metals (FMG) climbed 11.10%, while Newcrest Mining (NCM) shares grew by 6.67%. The world steel association raised its steel demand growth forecast by 13.1%, helping Australian iron ore producers such as Atlas Iron put on solid gains.

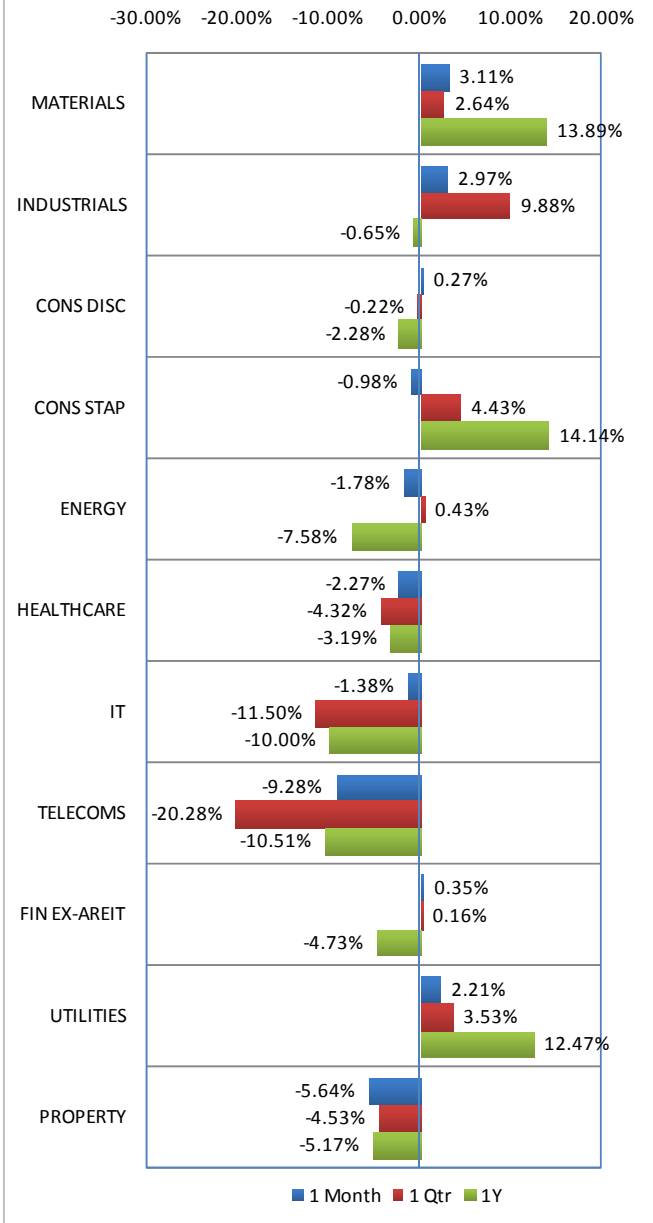
The troubles continued with Telstra, as shares shed 3.64% for the month to trade all time lows of around \$2.61, despite pledging to continue paying a \$0.14 semi-annual dividend. The telco has announced plans to revamp its business, seeking to improve profit margins, which included cutting 6,000 jobs over the next 3 years.

BHP's hostile takeover attempt of Canada's Potash Corp has continued to hit hurdles, with the Saskatchewan based company filing a law suit against BHP, claiming their bid was based on false and misleading statements and omissions. China's Sinochem has been rumoured to be cooking up an offer as well. Despite efforts to thwart the takeover, BHP closed the month 5.02% up, at \$39.16 a share.

On the flip side, Canadian fertiliser maker, Agrium Inc, has won approval to proceed with a takeover of AWB, in an all-cash, \$1.50 per share, offer to be put before shareholders. AWB shares finished the month at \$1.47 after gaining 2.08%.

Australian Shares (cont)

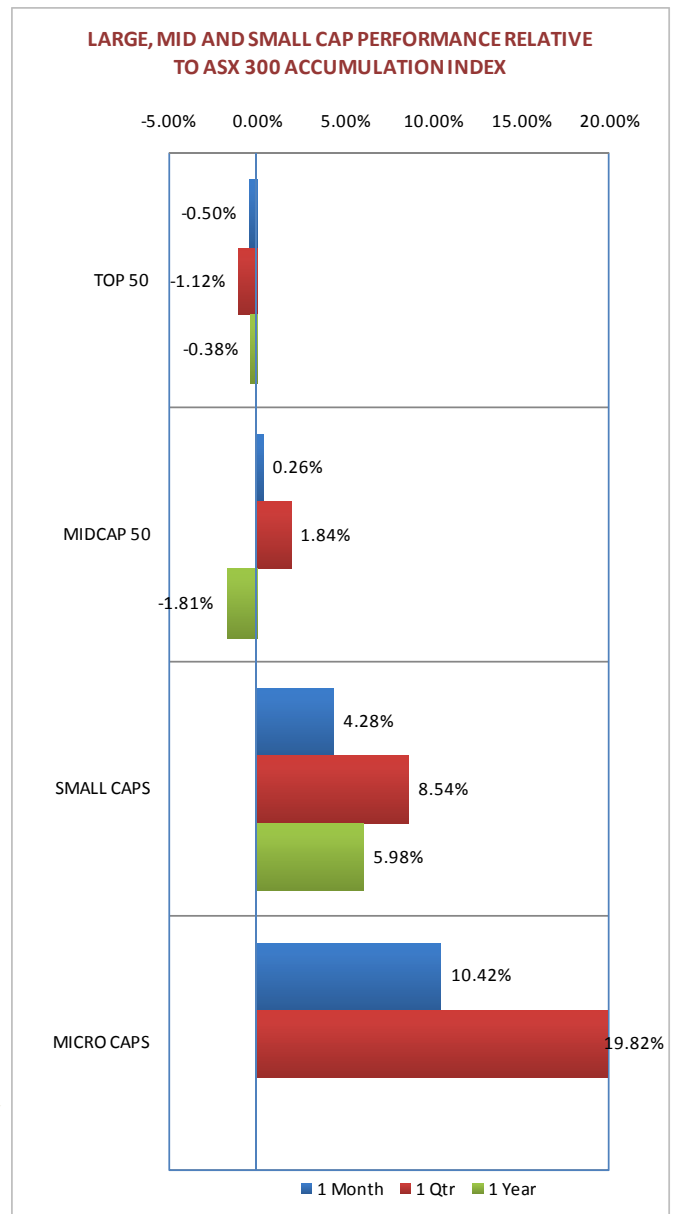
GICs SECTOR PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX



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%.

LARGE, MID AND SMALL CAP PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX



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\$	0.33	-1.08	-2.79	-11.15	-3.63	-1.08	-4.78
	MSCI World A\$	0.50	-0.75	-2.69	-11.00	-3.40	-0.75	-4.72
	MSCI Small Cap World Ex Aus	2.51	0.01	3.44	-7.01	-2.05	0.01	2.51
International Shares - Regional in A\$	MSCI North America	0.12	-2.70	0.19	-9.94	-3.96	-2.70	-3.49
	MSCI Asia	-0.66	-2.98	-0.11	-9.12	-1.14	-2.98	0.00
	MSCI AC Asia ex-Japan	2.33	1.55	8.91	-5.40	7.59	1.55	4.12
	MSCI China	0.25	-3.44	3.76	-9.95	14.65	-3.44	-3.49
	MSCI Europe	2.03	4.12	-6.46	-13.02	-2.40	4.12	-7.67
	MSCI Emerging Markets	2.14	2.96	9.58	-4.39	7.52	2.96	2.87
	MSCI India	6.89	0.70	16.17	-1.47	13.61	0.70	9.91
	MSCI Japan	-3.87	-7.68	-8.75	-12.73	-7.02	-7.68	-4.37
International Shares - Hedged	MSCI World ex Au Local Currency *	7.05	9.34	6.41	-8.83	-0.34	9.34	1.77
International Shares - Gold Shares in A\$	FTSE Gold Mines	-3.52	-5.55	12.32	6.10	8.40	-5.55	11.55
International Shares - Global Resources in A\$	HSBC Global Mining	4.57	6.67	14.56	-5.32	11.70	6.67	0.59

Summary of Statistics:

- **International Shares (ex-Australia)** gained 0.33% in September on an unhedged basis, and gained 7.05% from a local currency perspective.
- The **FTSE Gold Mines Index**, which reflects gold mining stocks globally, declined by 3.52% in Australian dollar terms for the month, despite the booming gold price.
- On a **Regional** basis, MSCI India was the standout for the month, adding 6.89%; Asia (ex-Japan) continued to grow, with a 2.33% gain while Japan was alone in the red with a 3.87% loss. Again, these figures are from an Australian dollar perspective.

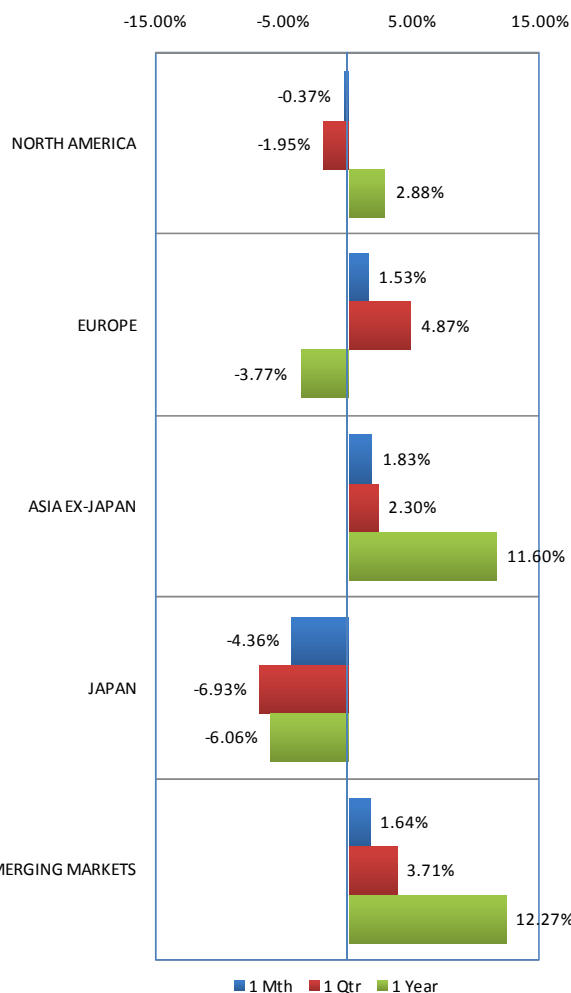
Commentary:

Global equities emerged from August with a pessimistic outlook and closed the month in a similar position, especially in the US, where investors poured savings into bonds and gold. The flight from equities was attributed to mixed economic data, including lower than expected manufacturing data, deflation concerns and shaky employment figures.

Strong Chinese manufacturing data boosted Asian equities and Japanese exporters were boosted by the Bank of Japan's push to depreciate the Yen. Despite European stocks closing the month higher, the tremors from sovereign debt woes are persisting, with Moody's downgrading Spain's sovereign debt from AAA to Aa1 and the bailout of troubled Anglo Irish Bank Corp likely to cost the Irish government €35 billion.

Gold prices hit record highs during the month, closing at an all-time high of US\$1,320.80 an ounce. Other commodities followed suit with silver reaching its highest price in 30 years.

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	-0.85	3.77	-4.52	-24.65	-8.39	3.77	0.49
Global Listed Property - Hedged in A\$	FTSE E/N Dev	6.09	13.56	14.46	-11.80	-7.26	13.56	9.52
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Utilities	1.70	6.97	9.56	-4.97	4.42	6.97	3.25
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	-2.84	-3.32	3.30	-3.85	8.49	-3.32	-1.48

Summary of Statistics:

- Tables turned in September, as the **S&P/ASX 300 Property Index**'s 0.85% loss underperformed relative to the 6.09% gain on the FTSE EPRA/NAREIT Index.
- **Global Listed Infrastructure** returned 1.70%, outperforming **Global Emerging Markets Listed Infrastructure** which lost 2.84% for the month.

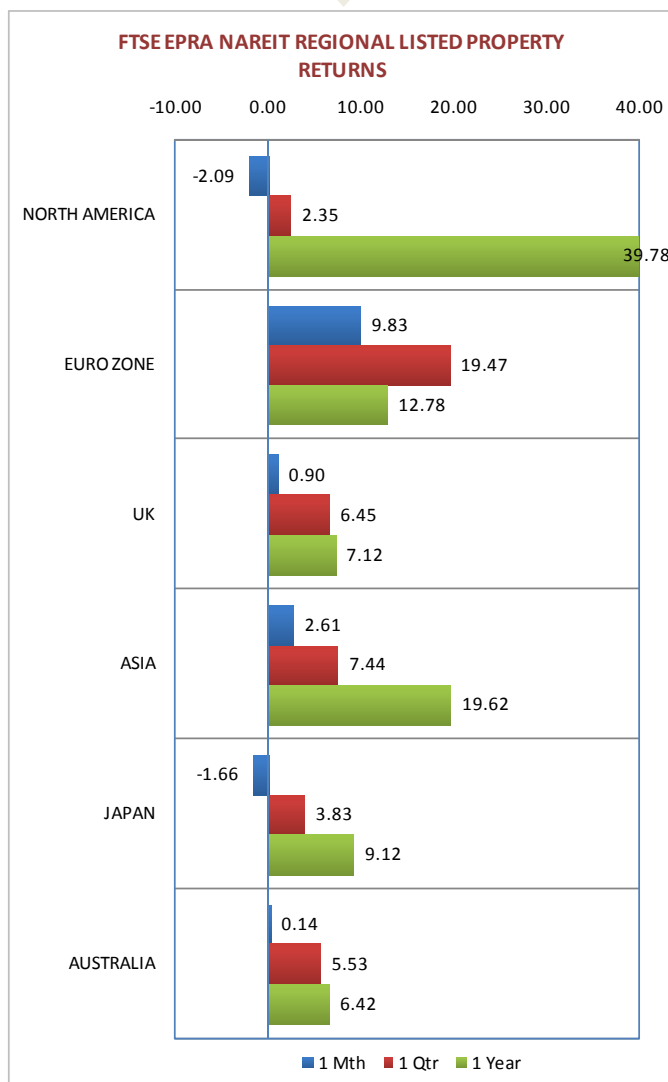
Commentary:

The S&P/ASX 300 Property Index slipped on the gains from July and August, with a 0.85% loss, returning a total of 3.77% for the quarter. Global listed property has had a solid year to date, returning a total of 9.52% at the end of the third quarter.

In company specific news, following a strong full year result, CFS Retail Property Trust has pledged to buy three DFO sites and half of a fourth for a total of \$498 million. A fully under-written equity capital raising of \$540 million will fund the deal, with shares issued at a 4.60% discount to existing shares.

Efforts to slow the Chinese housing markets have resulted in policy makers increasing the down payment from 20% to 30+% for first home buyers. The news giving Investors further reason to wary of the risks associated with the unpredictable and stern nature of Chinese policy makers.

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%.



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Data source: Bloomberg

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