

## Market Indicators

| Market                   | Indicator                      | End of Month Price | Previous Month Price | 1 Month Change in Price | 12 Months Ago Price | 12 Month Change in Price |
|--------------------------|--------------------------------|--------------------|----------------------|-------------------------|---------------------|--------------------------|
| <b>Interest Rates</b>    | Overnight Cash Rate (%)        | 4.25               | 4.25                 | 0.00                    | 4.75                | -0.50                    |
|                          | 3 Month BBSW (%)               | 4.60               | 4.69                 | -0.09                   | 4.93                | -0.33                    |
|                          | 10 Year Bond Rate (%)          | 3.62               | 4.03                 | -0.41                   | 5.44                | -1.82                    |
| <b>Australian Shares</b> | All Ordinaries Index           | 4467.20            | 4419.97              | 1.07%                   | 4899.00             | -8.81%                   |
|                          | S&P/ASX 200                    | 4396.58            | 4335.24              | 1.41%                   | 4823.20             | -8.85%                   |
| <b>Regional Shares</b>   | Dow Jones Industrials (US)     | 13213.63           | 13212.04             | 0.01%                   | 12810.54            | 3.15%                    |
|                          | S&P 500 (US)                   | 1397.91            | 1408.47              | -0.75%                  | 1363.61             | 2.52%                    |
|                          | FTSE 100 (UK)                  | 5737.78            | 5768.45              | -0.53%                  | 6069.90             | -5.47%                   |
|                          | STOXX 50 (EUR)                 | 257.28             | 263.32               | -2.29%                  | 283.78              | -9.34%                   |
|                          | TOPIX (Japan)                  | 804.27             | 854.35               | -5.86%                  | 851.85              | -5.59%                   |
|                          | Hang Seng (Hong Kong)          | 21094.21           | 20555.58             | 2.62%                   | 23720.81            | -11.07%                  |
|                          | ASX 300 A-REITS Index          | 853.60             | 809.70               | 5.42%                   | 851.60              | 0.23%                    |
| <b>Commodities</b>       | US\$ Gold Price                | 1664.75            | 1668.35              | -0.22%                  | 1563.70             | 6.46%                    |
|                          | US\$ Oil Price – W Texas Crude | 104.87             | 103.02               | 1.80%                   | 113.93              | -7.95%                   |
|                          | US\$ CRB Spot Commodity Index  | 492.40             | 497.18               | -0.96%                  | 569.61              | -13.55%                  |
| <b>Exchange Rates</b>    | AUD / USD                      | 1.0421             | 1.0346               | 0.72%                   | 1.0971              | -5.01%                   |
|                          | AUD / EUR                      | 0.7876             | 0.7753               | 1.59%                   | 0.7409              | 6.30%                    |
|                          | AUD / GBP                      | 0.6419             | 0.6464               | -0.69%                  | 0.6566              | -2.23%                   |
|                          | AUD / JPY                      | 83.19              | 85.73                | -2.96%                  | 89.06               | -6.59%                   |
|                          | TWI                            | 77.00              | 76.90                | 0.13%                   | 78.90               | -2.41%                   |
| <b>Volatility</b>        | VIX Index %                    | 17.15              | 15.50                | 1.65%                   | 14.75               | 2.40%                    |

### Key Points:

- The Reserve Bank of Australia (RBA) kept the overnight cash rate steady during April, however a 50 basis point (bp) cut was announced on 1 May.
- The 3 Month Bank Bill Swap Rate declined by 9bp during April, indicating the market's expectation of short term interest rate cuts. Similar sentiment caused the 10 year bond rate to decline by 41bp.
- Australian Equities prices posted a modest gain, adding 1.07% as measured by the ASX All Ordinaries Index, while the S&P / ASX 200 Index price gained a more notable 1.41%.
- Australian Listed Property recorded strong gains during April, with the price of the S&P / ASX 300 A-REIT Index rising 5.42%.
- Many major regional share markets posted flat or negative returns during April, with the Dow Jones Industrials Index (US) gained 0.01% and the FTSE 100 (UK) declining by 0.53%. The largest gainer was the Hang Seng Index (Hong Kong) which reported a price rise of 2.62% while the most significant decliner was the TOPIX (Japan) which lost 5.86%.
- The price of gold declined by a 0.22%, to close 6.46% higher over the past 12 months.
- The price of oil gained 1.80% for the month, but is still down 7.95% over the past year.
- The Australian Dollar recorded varied results against other major currencies in the January quarter, posting a 0.72% gain against the USD, and a 1.59% gain against the Euro (EUR). Currency depreciations were recorded against the GBP, down 0.69%, and the Japanese Yen (JPY), declining 2.96%.
- In absolute terms, the AUD gained 0.13%, as measured by the Trade Weighted Index (TWI).
- Volatility rose by 1.65% during April to end the month priced at 17.15, as measured by the VIX Index.

## Cash, Fixed Interest & Credit

| Zenith Benchmarks   | Index                                   | 1 Mth | 1 Qtr | 1 Yr  | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|---------------------|---|-------|-------|-------|-------------|-------------|---------|---------|
| Australian Cash     | UBSA Bank Bill                          | 0.38  | 1.11  | 4.87  | 4.47        | 5.35        | 4.01    | 1.50    |
| Australian Bonds    | UBSA Australia Composite All Maturities | 1.59  | 2.25  | 11.22 | 7.05        | 7.46        | 9.21    | 2.39    |
| International Bonds | Barclays Global Aggregate (\$A Hedged)  | 0.96  | 1.85  | 11.60 | 9.65        | 8.84        | 9.83    | 3.21    |

### Summary of Statistics:

- **Australian Cash** returned 0.38% in the January quarter, as measured by the UBSA Bank Bill Index.
- **Australian Bonds** added 1.59%, as measured by the UBSA Australia Composite Maturities Index.
- **International Bonds** gained 0.96% as measured by the Barclays Global Aggregate (\$A Hedged) to bring the annual return to 11.60%.
- **Global Corporate Debt Markets** declined, with spreads widening across all major classes. Investment Grade and High Yield debt were the most affected, with spreads widening by 0.14% and 0.13% respectively.

### Commentary:

In recent months investor activity has reflected an optimistic, yet restrained outlook of the global economy. Investors are gaining confidence from the improving global macroeconomic figures, yet their lack of conviction clearly demonstrates undertones of caution. The uncertainty surrounding; the conclusion of Greek and greater European sovereign debt crisis, slowing Chinese inflation and political instability in Iran and North Korea, has added weight to investors' cautious attitude and has recently carried greater influence in investment decisions than other drivers such as, global macroeconomic data.

Many analysts expected the RBA to lower the overnight cash rate in April, citing poor inflation figures and a slowdown in consumer spending, however it remained unchanged at 4.25% (a 50bp rate cut was announced on the 1<sup>st</sup> of May). In the announcement RBA Governor, Glenn Stevens, explained reasons for keeping the rate unchanged were that the downturn facing the Australian economy is not as severe as what other countries in Europe and Asia are facing. Additionally, the major global economies of the USA and China are still experiencing moderate expansion.

While the RBA attempted to instil confidence in the market by leaving the overnight cash rate unchanged, investors were still cautious and began to allocate funds to relatively secure fixed income investments as news revealed that CPI inflation had slowed during April. The announcements that: retail sales had fallen, newly issued home loans had declined and that household confidence had fallen, as measured by the Westpac-Melbourne Institute Consumer Sentiment indicator, added further impetus for investors to pursue the security of fixed income investments. Australian fixed income markets used this information to forecast a cut in the overnight cash rate, which eventuated on the 1<sup>st</sup> of May. The resulting decline in Australian Bond yields, led to a total return of 1.59% during April, as measured by the UBSA Australia Composite All Maturities Index. Australian treasury bonds markets also priced in the cash rate adjustment with the 3 year and 10 year government bond yields declining by 0.47% and 0.31% respectively.

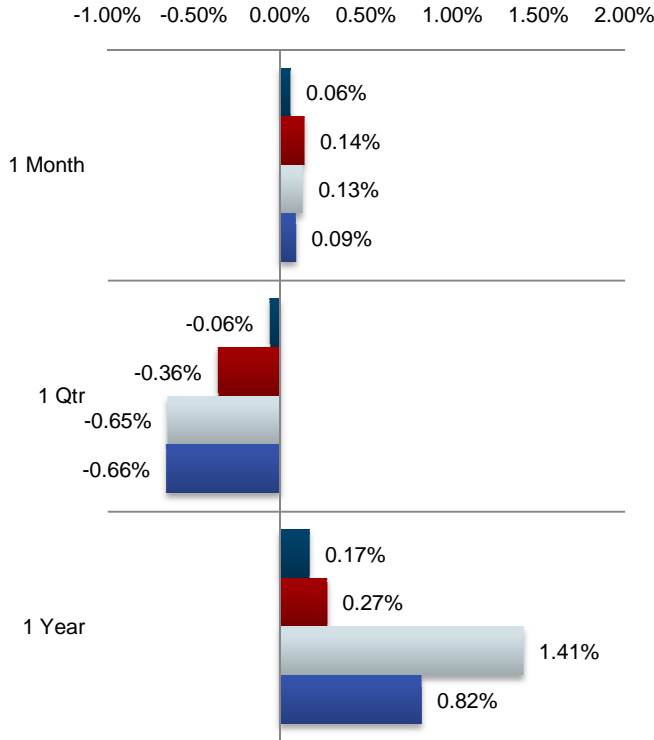
International fixed income markets posted positive returns during April, with the Barclays Global Aggregate (\$A Hedged) gaining 0.96%, to close 11.60% higher over the past 12 months. Contributing to this gain was the disastrous state of the Spanish economy, which drove investors toward the security of fixed income investments. The European nation entered recession for the second time since 2009, which led S&P to cut the sovereign bond credit rating two levels to BBB+ with a negative outlook. As a result, yields on Spanish treasury bonds rose to 6%, slowly gaining ground on the 7% yield figure which triggered the bailouts for Portugal, Ireland and Greece.

Also contributing to the April gain of global bond markets were US Treasury bond yields, with the 10 year yield falling by 30bp and the 3 year bond yield declining by 13bp. The Secretary of the US Treasury Department, Timothy Geithner, attributed this decline to the lower than anticipated pace at which the US economy is growing. Also cited, was the US employment and housing markets, both of which are improving yet are still in poor condition and therefore require further monitoring.

Global corporate debt spreads narrowed during April, inhibiting the ability of private companies to raise funds in capital markets. Investment Grade and High Yield debt were the hardest hit with spreads increasing by 0.14% and 0.13% respectively.

Cash, Fixed Interest & Credit

GLOBAL CORPORATE DEBT- CHANGE IN SPREADS

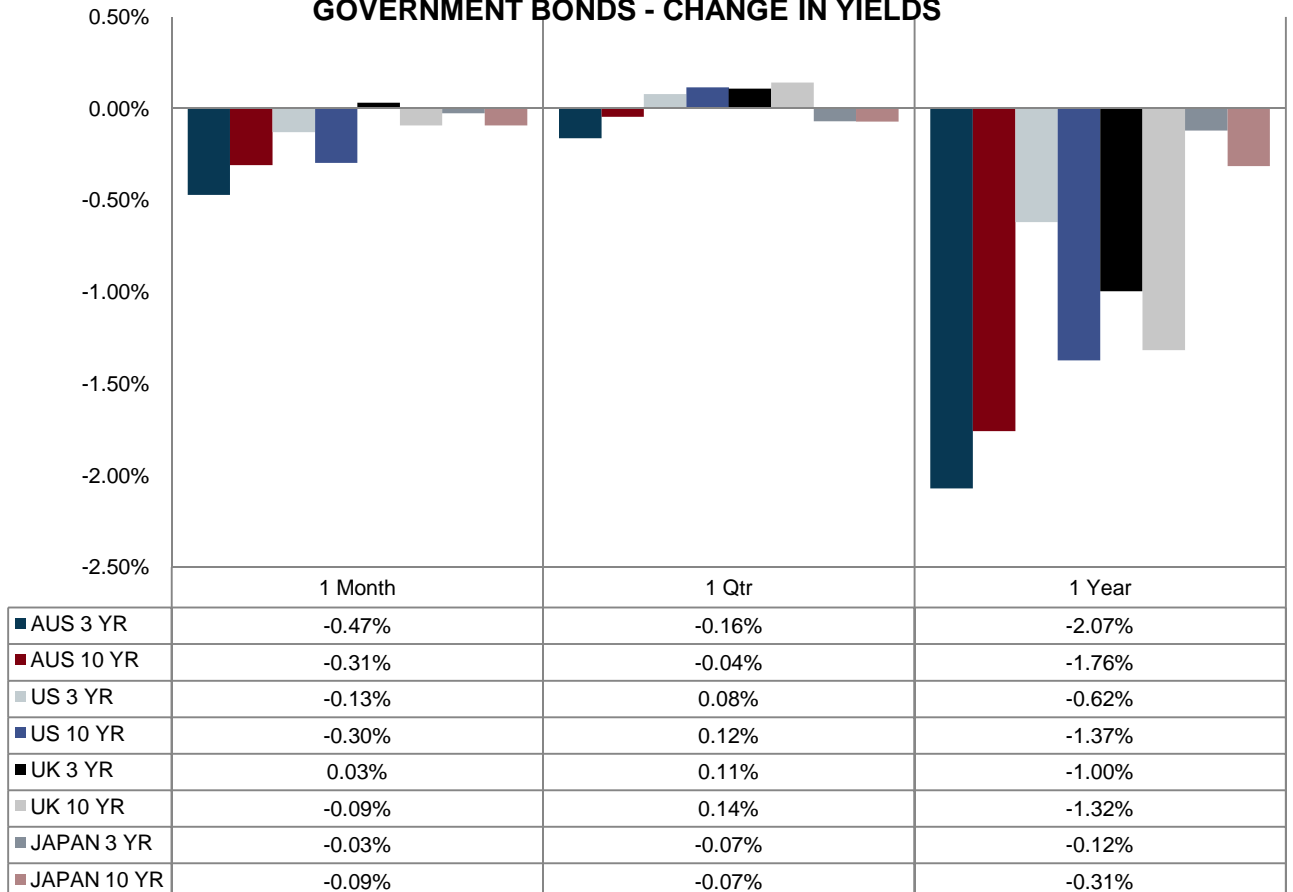


|             | 1 Year | 1 Qtr  | 1 Month |
|-------------|--------|--------|---------|
| ■ AAA       | 0.17%  | -0.06% | 0.06%   |
| ■ Inv Grade | 0.27%  | -0.36% | 0.14%   |

This chart shows the change in Government Bond yields over the past 1 quarter, Financial Year to Date 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: Australia 1%; UK 6%; US 26%; Japan 33%.

This chart shows the change in Government Bond yields over the past 1 quarter, Financial Year to Date 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: Australia 1%; UK 6%; US 26%; Japan 33%.

GOVERNMENT BONDS - CHANGE IN YIELDS



## Australian Shares

| Zenith Benchmarks            | Index                                | 1 Mth | 1 Qtr | 1 Yr   | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|------------------------------|--------------------------------------|-------|-------|--------|-------------|-------------|---------|---------|
| <b>Market Capitalisation</b> | S&P/ASX 300 Index                    | 1.30  | 4.62  | -4.75  | 9.79        | -2.42       | -0.82   | 9.99    |
|                              | S&P/ASX 50 Leaders Index             | 1.68  | 4.50  | -4.34  | 9.55        | -1.54       | -0.59   | 9.44    |
|                              | S&P/ASX Midcap 50 Index              | 0.31  | 4.69  | -5.69  | 9.66        | -5.46       | -3.09   | 11.21   |
|                              | S&P/ASX Small Ordinaries Index       | -0.92 | 5.73  | -6.98  | 12.70       | -4.97       | -0.11   | 13.92   |
|                              | S&P/ASX Emerging Companies Index     | -4.29 | 4.48  | -13.06 |             |             | -0.11   | 14.21   |
| <b>GICS Sectors</b>          | S&P/ASX 300 Materials                | -0.31 | -3.88 | -18.77 | 8.24        | 1.59        | -15.50  | 6.04    |
|                              | S&P/ASX 300 Industrials              | -0.98 | 7.78  | 8.18   | 14.85       | -6.51       | 10.08   | 14.58   |
|                              | S&P/ASX 300 Consumer Discretionary   | 0.71  | 10.16 | -4.45  | 7.81        | -9.71       | 1.69    | 15.02   |
|                              | S&P/ASX 300 Consumer Staples         | 0.14  | 6.76  | 4.66   | 11.12       | 4.18        | 3.54    | 7.56    |
|                              | S&P/ASX 300 Energy                   | -0.57 | 3.78  | -13.35 | 3.21        | 4.84        | -4.26   | 12.49   |
|                              | S&P/ASX 300 Healthcare               | 2.25  | 15.46 | 4.81   | 6.69        | 3.41        | 8.60    | 14.28   |
|                              | S&P/ASX 300 Information Technologies | -3.50 | 16.37 | -7.71  | 3.01        | -4.54       | 1.50    | 12.91   |
|                              | S&P/ASX 300 Telecommunications       | 7.17  | 12.98 | 37.67  | 14.97       | 5.00        | 37.85   | 13.33   |
|                              | S&P/ASX 300 Financials ex Property   | 2.38  | 8.43  | 1.22   | 15.66       | -0.47       | 5.98    | 11.57   |
|                              | S&P/ASX 300 Utilities                | 0.05  | 5.78  | 19.16  | 10.89       | -2.31       | 16.39   | 8.38    |
|                              | S&P/ASX 300 Property                 | 5.42  | 7.16  | 6.85   | 14.48       | -13.28      | 7.70    | 12.94   |

### Summary of Statistics:

- Australian shares gained 1.30% in April, as measured by the **S&P/ASX 300 Index**, continuing the recent rally during the 2012 calendar year.
- On a market capitalisation basis, the **S&P/ASX 50 Leaders Index** was the strongest performer, ending the month 1.68% higher.
- The **S&P/ASX Emerging Companies** was the weakest performer during April, closing 4.29% lower, underperforming the market by 5.59%.
- On a sector basis, **Telecommunications** was the strongest performer, gaining 7.17%, ending the past 12 months 37.67% higher.
- **Information Technologies** was the worst performing sector, underperforming the benchmark index by 4.80% to end the month 3.50% lower.

### Commentary:

As a result of poor macroeconomic data during April, many analysts forecast an RBA interest rate cut, which in turn lowered the expected yield on Australian fixed income investments. As such, investors were hunting for opportunities that would offer more attractive returns, thus driving the S&P/ASX 300 Index 1.30% higher. In particular, the larger companies with stable, fully franked dividends were pursued as a form of regular income, leading the S&P/ASX 50 Leaders Index 1.68% higher.

The substitution of these asset classes in portfolios somewhat disguised the negative sentiment which has resulted from the European debt concerns being reignited. Standard & Poor's downgraded Spain's credit rating to BBB+ with a negative outlook as a result of widespread unemployment and mounting deficit. Compounding this misery was economic data revealing that Europe's fourth largest economy had entered recession for the second time in three years.

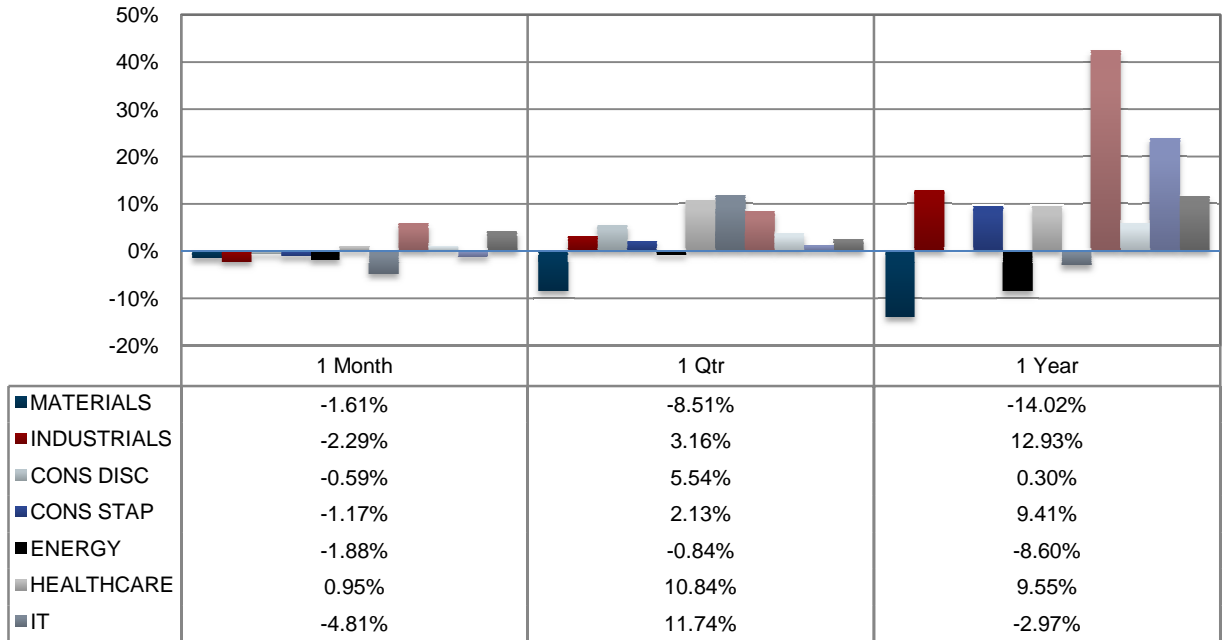
News from the Australian economy did little to add to investor's confidence during April, with many key economic indicators remaining steady or closing in negative territory. Notable statistics included: greater than expected decline in new building approvals; a decline in new home loans that were issued; retail sales figures remaining steady; and a lower than expected CPI increase. The exception to this trend was employment figures, which improved during May with 44 000 new jobs added, to reduce national unemployment to 5.2%.

On a sector basis, Telecommunications was the best performing sector, adding 7.17% during April. Telecom Corp of New Zealand (Australia) led the gains, adding 8.66%, while Telstra added 7.60% after announcing its capital management plan for the next 3 years.

The worst performing sector during April was Information Technologies, which declined by 3.50%, underperforming the benchmark by 4.80%. At the forefront of these losses was Computershare, which declined by 6.56%. IRESS also underperformed the benchmark, falling by 3.86% over the month.

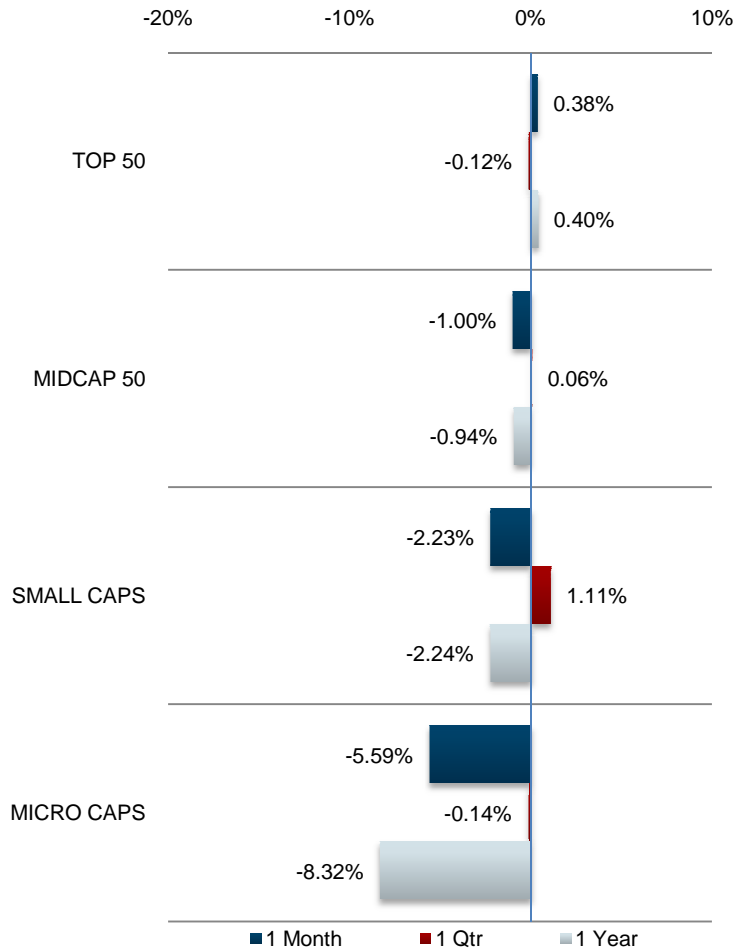
Australian Shares

GICs SECTOR PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX



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

This chart shows GICs Sector performance relative to the ASX 300 Index, over the past 1 quarter, 1 year, 3 year and 5 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%.



This chart shows market capitalisation segmental performance relative to the ASX 300 Index.

International Shares

| Zenith Benchmarks                     | Index                                | 1 Mth | 1 Qtr  | 1 Yr   | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|---------------------------------------|--------------------------------------|-------|--------|--------|-------------|-------------|---------|---------|
| International Shares - Unhedged       | MSCI World Ex-Au (\$A)               | -1.73 | 7.33   | 0.50   | 2.72        | -6.20       | 1.91    | 7.33    |
|                                       | MSCI World (\$A)                     | -1.62 | 7.22   | 0.25   | 2.93        | -6.07       | 1.76    | 7.22    |
|                                       | MSCI Small Cap World Ex Aus (\$A)    | -1.20 | 6.97   | -2.28  | 8.02        | -4.27       | -0.22   | 6.97    |
|                                       | MSCI AC World (\$A)                  | -1.89 | 6.79   | 2.29   | 0.79        | -6.42       | 3.09    | 6.79    |
| International Shares - Local Currency | MSCI World ex-Au (Local Currency)    | -1.64 | 4.97   | -2.19  | 13.14       | -2.76       | 0.62    | 4.97    |
|                                       | MSCI World (Local Currency)          | -1.14 | 5.03   | -4.63  | 15.61       | -1.78       | -1.05   | 5.03    |
|                                       | MSCI World S. Cap ex-Au (Loc. Crncy) | -0.71 | 4.79   | -7.04  | 21.32       | 0.11        | -2.98   | 4.79    |
|                                       | MSCI AC World (Local Currency)       | -1.41 | 4.61   | -2.69  | 13.21       | -2.14       | 0.24    | 4.61    |
| Regional Shares - Local Currency      | MSCI North America                   | -0.64 | 6.25   | 2.65   | 18.03       | 0.49        | 5.84    | 6.25    |
|                                       | MSCI Asia                            | -2.84 | 5.28   | -6.20  | 7.41        | -5.45       | -4.15   | 5.28    |
|                                       | MSCI AC Asia ex-Japan                | -0.08 | 3.15   | -7.18  | 15.58       | 4.58        | -4.00   | 3.15    |
|                                       | MSCI China                           | 3.47  | 2.75   | -11.26 | 11.93       | 4.75        | -8.26   | 2.75    |
|                                       | MSCI Europe                          | -2.47 | 1.46   | -9.87  | 9.18        | -4.81       | -7.06   | 1.46    |
|                                       | MSCI Emerging Markets                | -0.57 | 2.46   | -5.34  | 15.03       | 3.91        | -1.95   | 2.46    |
|                                       | MSCI India                           | -1.45 | 0.76   | -8.78  | 16.39       | 4.97        | -7.43   | 0.76    |
|                                       | MSCI Japan                           | -6.08 | 7.91   | -4.84  | 0.16        | -12.77      | -4.21   | 7.91    |
| Global Gold Shares in A\$             | FTSE Gold Mines                      | -7.63 | -17.97 | -23.10 | -2.96       | 0.22        | -15.64  | -17.97  |
| Global Resources in A\$               | HSBC Global Mining                   | -1.09 | -6.64  | -22.66 | 5.89        | -1.84       | -18.42  | -6.64   |

Summary of Statistics:

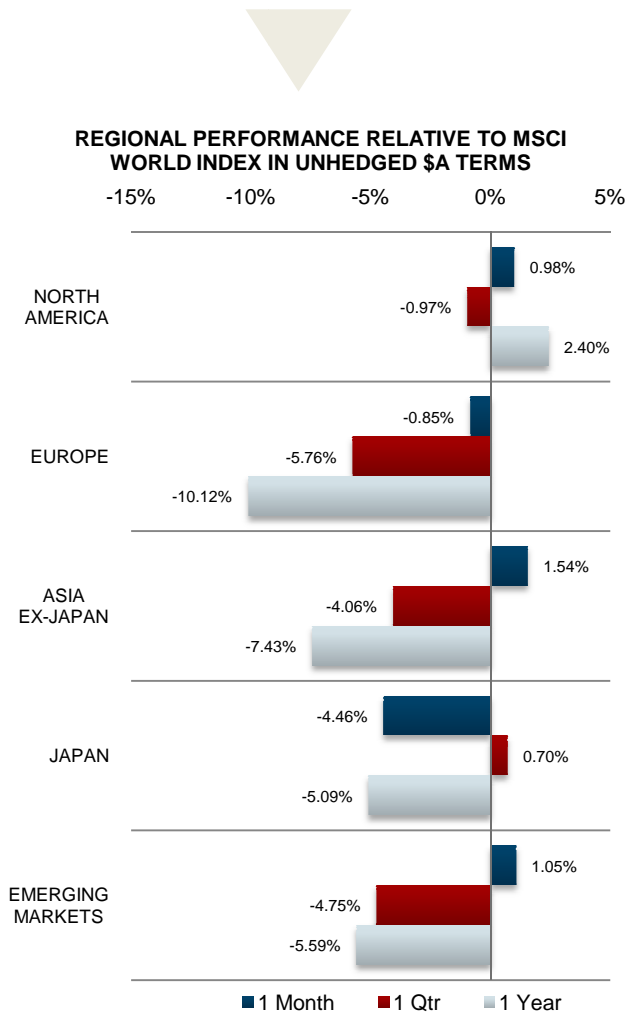
- International Shares in developed countries declined 1.73% in April, as measured by the **MSCI World ex-Australia Index (Unhedged)**, while the **MSCI World ex Australia Index (Local Currency)** declined 1.64%.
- International Shares across all regions declined by 1.41%, as measured by the **MSCI AC World Index (Local Currency)**, which equated to a 1.89% decline in AUD terms.
- On a regional basis, **China** was the strongest performer during April, gaining 3.47%, in local currency. **Japan** was the poorest performer over the month, losing 6.08%

Commentary:

Early in April investors were struck with worrying news that the Spanish economy may be heading for a similar fate as the troubled Greek economy. By the end of the month, Standard & Poors had cut Spain's credit rating two levels, to BBB+ with a negative outlook, after the country entered recession for the second time in three years. Contributing to this dire state of economic affairs is the incredible unemployment statistic in Europe's fourth largest economy – over 24% of the employable population is out of work.

Global equity markets suffered as a consequence, with investors wary of the dire consequences that would affect the whole Eurozone if a one member economy was to collapse. The MSCI Europe Index consequently declined by 2.47%, leading the MSCI All Countries World Index (local currency) to retreat by 1.41% as a result. Japanese equities also performed poorly, declining by 6.08%.

This chart shows Regional performance relative to the MSCI World Index in \$A terms, over 1 quarter, 1 year, 3 year and 5 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.



International Shares

| Zenith Benchmarks   | Index     | 1 Mth | 1 Qtr | 1 Yr  | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|---------------------|-----------|-------|-------|-------|-------------|-------------|---------|---------|
| Currency Spot Rates | AUD / USD | 0.72  | -1.70 | -5.01 | 12.66       | 4.60        | -2.70   | -1.70   |
|                     | AUD / EUR | 1.59  | -2.90 | 6.30  | 12.60       | 5.28        | 6.72    | -2.90   |
|                     | AUD / GBP | -0.69 | -4.64 | -2.23 | 9.18        | 9.07        | -3.70   | -4.64   |
|                     | AUD / JPY | -2.96 | 2.84  | -6.59 | 4.91        | -3.48       | -3.58   | 2.84    |

Investors should note that investments in any international assets are subject to the risk of currency fluctuations. If a foreign investment is unhedged, the gain / loss from the relevant currency pair should be deducted from the return of the asset to calculate the approximate return of the investment.

Commentary (Cont.):

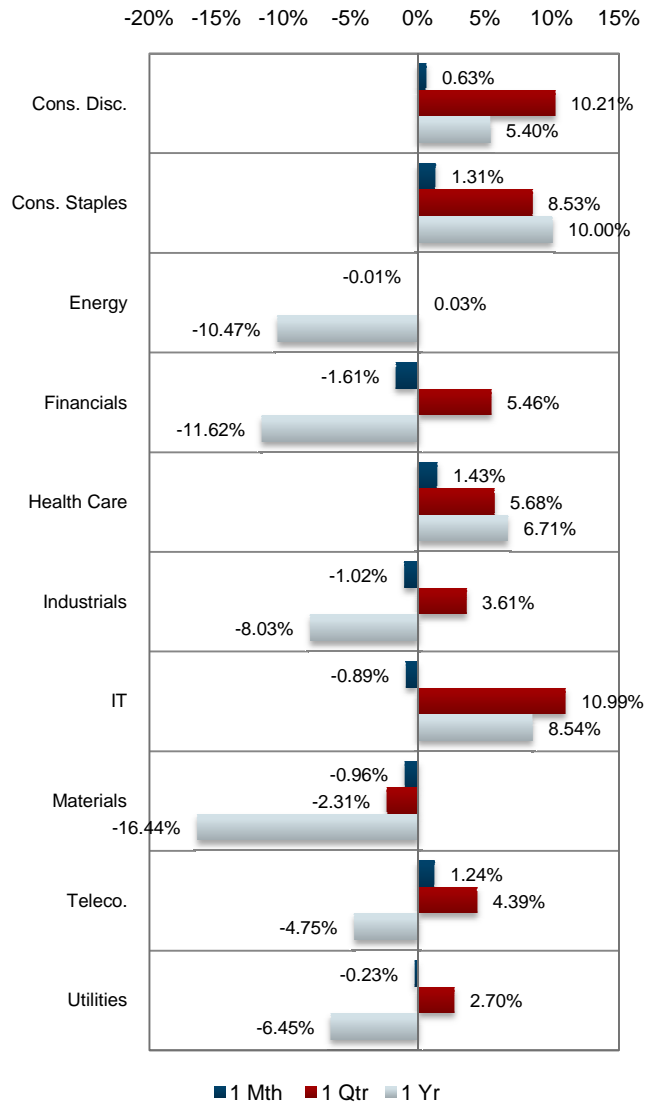
The strongest performing equity market on a regional basis was China, which gained 3.47%, as measured by the MSCI China Index. Driving these gains were ongoing announcements from the Chinese government detailing their intention to reduce inflation to long term sustainable levels. This strong result offset most of the losses experienced by other equity markets in the region, causing the MSCI Asia ex-Japan Index to close lower by a marginal 0.08%.

On a market capitalisation basis, the MSCI World Small Cap Index (ex-Australia) performed surprisingly well, declining by 0.71% to outperform the benchmark by 0.43%.

On a sector basis, Healthcare was the strongest global performer, with the MSCI All Countries World Healthcare Index gaining 0.03% to outperform the benchmark by MSCI All Countries World Index by 1.43%. Consumer Staples also outperformed the index, exceeding the benchmark by 1.31%, as measured by the MSCI All Countries World Consumer Staples Index.

Financials was the worst performing global sector, underperforming the benchmark index by 1.61% as a result of reignited fears of an economic catastrophe in Europe. Overall, global Financials sector stocks have had a poor 12 months, with the MSCI All Countries World Financials Index declining by 13.03%.

MSCI All Countries World Index (Local Currency) vs. MSCI ACWI Sector Performance



| Zenith Benchmarks  | Index                                  | 1 Mth | 1 Qtr | 1 Yr   | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|--------------------|--|-------|-------|--------|-------------|-------------|---------|---------|
| Industry Sectors - | MSCI ACWI Consumer Discretionary Index | -0.78 | 8.80  | 3.99   | 17.08       | -1.83       | 4.23    | 16.07   |
| Local Currency     | MSCI ACWI Consumer Staples Index       | -0.09 | 7.12  | 8.60   | 15.91       | 3.46        | 8.64    | 5.46    |
|                    | MSCI ACWI Energy Index                 | -1.42 | -1.37 | -11.87 | 9.16        | -0.19       | -5.63   | 1.62    |
|                    | MSCI ACWI Financials Index             | -3.02 | 4.06  | -13.03 | 5.59        | -14.15      | -8.17   | 12.21   |
|                    | MSCI ACWI Health Care Index            | 0.03  | 4.28  | 5.30   | 12.84       | -0.54       | 4.71    | 6.07    |
|                    | MSCI ACWI Industrials Index            | -2.43 | 2.21  | -9.44  | 12.37       | -4.80       | -5.79   | 9.12    |
|                    | MSCI ACWI IT Index                     | -2.30 | 9.59  | 7.14   | 16.60       | 1.49        | 12.59   | 17.17   |
|                    | MSCI ACWI Materials Index              | -2.37 | -3.71 | -17.84 | 9.65        | -2.61       | -13.92  | 5.73    |
|                    | MSCI ACWI Teleco. Services Index       | -0.17 | 2.98  | -6.15  | 6.05        | -3.66       | -4.19   | 0.31    |
|                    | MSCI ACWI Utilities Index              | -1.64 | 1.29  | -7.86  | 0.85        | -7.52       | -5.59   | -0.15   |

Alternatives

| Zenith Benchmarks     | Index                               | 1 Mth | 1 Qtr | 1 Yr   | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|-----------------------|-------------------------------------|-------|-------|--------|-------------|-------------|---------|---------|
| <b>Hedge Funds</b>    | HFRX Global Hedge Fund Index        | 0.12  | 1.52  | -6.71  | 3.14        | -2.86       | -3.86   | 3.27    |
| <b>Macro/CTA</b>      | HFRX Macro/CTA Index                | 0.43  | -0.96 | -7.90  | -4.91       | -1.33       | -3.64   | -0.87   |
|                       | HFRX Macro: Sys Div CTA Index (USD) | 0.48  | -2.46 | -4.57  | -1.20       | 6.47        | 1.31    | -3.44   |
| <b>Market Neutral</b> | HFRX EH: Market Neutral Index       | -1.52 | -3.52 | -8.10  | -1.74       | -2.53       | -8.45   | -3.13   |
| <b>Commodities</b>    | Dow Jones/UBS Commodity Index \$A   | -0.92 | 0.06  | -15.33 | -3.39       | -8.19       | -8.12   | -1.09   |

Summary of Statistics:

- **Hedge Funds** gained 0.12% during the April, as measured by the HFRX Global Hedge Fund Index, which measures performance of six core hedge fund strategies.
- **Macro Funds** ended the month 0.43% higher, as measured by the HFRX Macro/CTA Index.
- **Market Neutral Funds** experienced a decline of 1.52%, bringing total losses over the past 12 months to 8.10%.
- **Commodities** retreated by 0.92%, as measured by the Dow Jones/UBS Commodity Index (\$A).

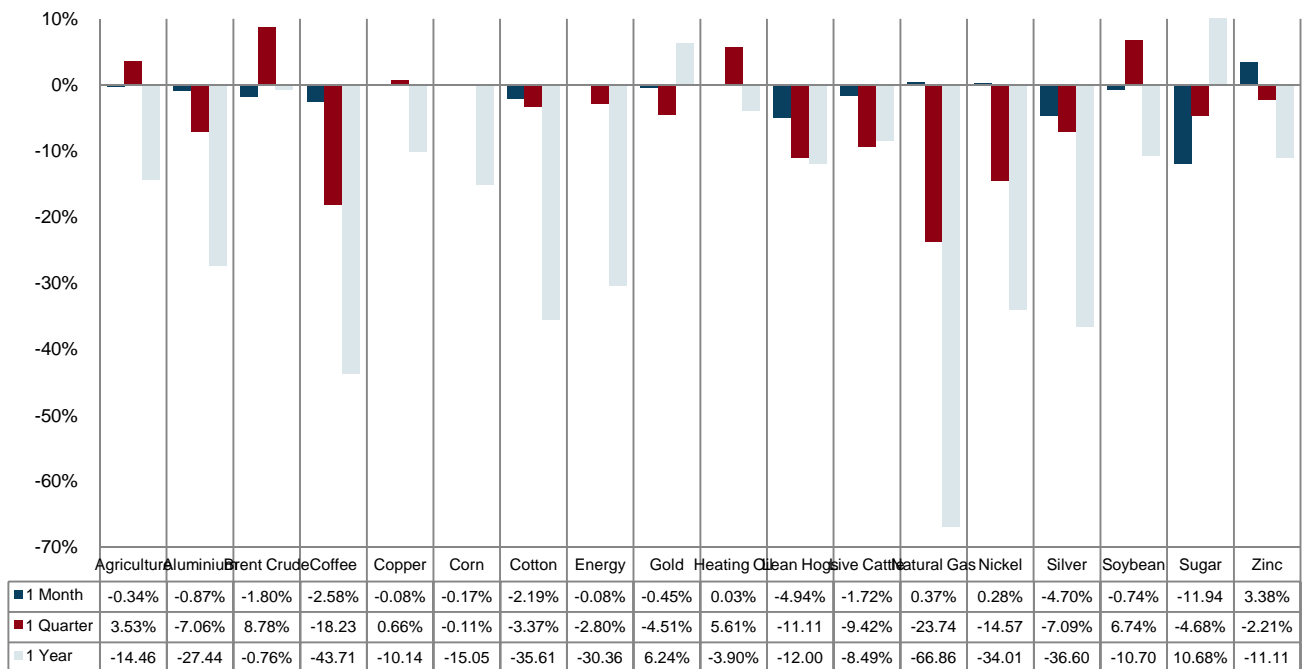
Commentary:

Alternative investment strategies went against the global trend during April with most strategies posting modest gains or remaining largely unchanged. Macro/CTA fund portfolios were well aligned during April, with the HFRX Macro/CTA Index gaining 0.43% while the more specific HFRX Macro: Systematic Diversified Index gained 0.48%. Overall, Hedge Funds remained largely steady, to end the month 0.12% higher, as measured by the HFRX Global Hedge Fund Index. The Equity Hedge: Market Neutral Index had a poor month during April, declining by 1.52% due to this strategy’s higher correlation with traditional equity fund managers.

Commodity prices continued to decline during April, losing 0.92% during the course of the month to close 15.33% lower over the past 12 months. Leading this decline was a fall in the price of soft commodities, such as: sugar, which fell 11.94% and coffee, which fell 2.58%. Over the past 12 months, Brazil has been withholding sales of these commodities as they attempt to prevent a repeat of last year’s situation - where orders could not be fulfilled or were late being delivered due to complications at the ports. This attitude, along with higher than expected output, has manifested as excess supply in global sugar and coffee markets, thus driving the price lower.

Zinc was the biggest gainer during April, rising by 3.38% to recover some of the losses experienced over the past 12 months. Zinc stockpiles have recently reached near record highs, however holders of the metal are generally already tied up in deals meaning there is still strong demand for the commodity.

Dow Jones/UBS Commodities Indices





**Property & Infrastructure**

| Zenith Benchmarks                                      | Index                         | 1 Mth | 1 Qtr | 1 Yr   | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|--|-------------------------------|-------|-------|--------|-------------|-------------|---------|---------|
| <b>Australian Listed Property</b>                      | S&P/ASX 300 Property          | 5.42  | 7.13  | 6.75   | 14.40       | -13.13      | 7.58    | 12.93   |
|  | FTSE E/N Australia            | 6.78  | 2.45  | 7.23   | 18.91       | -15.39      | 9.67    | 11.26   |
| <b>Global Listed Property - Hedged in A\$</b>          | FTSE E/N Dev                  | 1.80  | 7.20  | 0.43   | 19.02       | -8.55       | 1.90    | 14.63   |
| <b>Global Listed Property - Regional Local Return</b>  | FTSE E/N North America        | 3.70  | 6.05  | 22.61  | 32.95       | 0.67        | 22.21   | 11.85   |
|  | FTSE E/N Euro Zone            | -2.49 | 4.01  | -14.03 | 12.30       | -9.46       | -14.62  | 8.12    |
|  | FTSE E/N UK                   | 2.65  | 7.14  | -0.39  | 15.42       | -17.25      | -2.65   | 13.71   |
|  | FTSE E/N Developed Asia       | 3.24  | 6.54  | 8.60   | 18.26       | -4.67       | 8.99    | 17.35   |
|  | FTSE E/N Japan                | -0.76 | 10.92 | 13.93  | 12.81       | -10.15      | 11.64   | 18.13   |
| <b>Australian Listed Infrastructure</b>                | S&P/ASX 300 Utilities         | 0.05  | 5.78  | 19.16  | 10.89       | -2.31       | 16.39   | 8.38    |
| <b>Global Listed Infrastructure - Hedged in A\$</b>    | UBS Global Infra. & Utilities | -0.27 | 4.45  | 6.32   | 14.18       | -0.02       | 5.33    | 5.27    |
| <b>Global EM Listed Infrastructure - Hedged in A\$</b> | UBS EM Infra. & Utilities     | -2.41 | 5.68  | -4.04  | 2.31        | -1.72       | -3.80   | 11.29   |

**Summary of Statistics:**

- **Australian Listed Property** gained 5.42%, as measured by the S&P/ASX 300 Property Index, to recover the losses incurred over the past 12 months.
- **Global Listed Property** gained 1.80%, as measured by the FTSE E/N Developed Index in \$A terms.

**Commentary:**

In anticipation of the impending RBA rate cut, investors sought alternatives to fixed income that could maintain high levels of income. Historically, ASX listed property has maintained dividend yields in excess of 6%, even during testing periods. As a result, the S&P/ASX 300 Property Index rallied 5.42% during April, to close 6.75% higher over the past 12 months. Leading the gains in this sector was Charter Hall Group which gained 13.51% after announcing that 90% of apartments had been sold in the Group's 500 dwelling Little Bay Cove development.

Global property gained 1.80%, as measured by the FTSE EPRA NAREIT Index. This rally was driven by North American listed property, which gained 3.70% during April.

Australian listed infrastructure remained steady, gaining 0.05%, as measured by the S&P/ASX 300 Utilities Index, to outperform the global benchmark by 0.32%. Energy World Corp underperformed in this sector, retreating 26.11% after announcing that that a project in Indonesia is running behind schedule. SP Ausnet was the strongest performer in this sector, ending the month 2.79% higher.

**Author:**

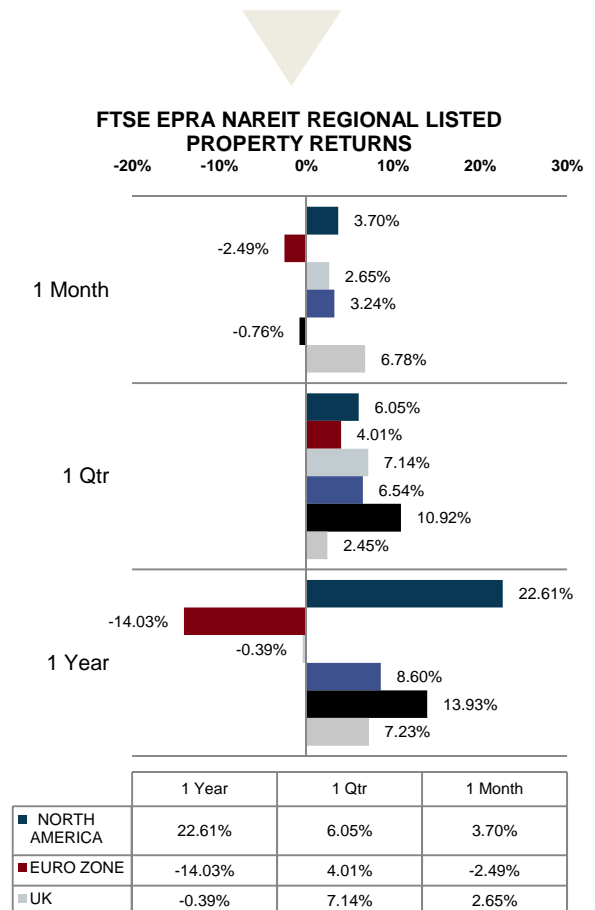
**Aryeh Kraemer**

**Investment Analyst**

Zenith Investment Partners

☎ (03) 9642 3320 ✉ [Aryeh.Kraemer@zenithpartners.com.au](mailto:Aryeh.Kraemer@zenithpartners.com.au)

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%.



**Data source: Bloomberg**

**DISCLAIMER:** This report is prepared exclusively for clients of Zenith Investment Partners (Zenith). The report contains recommendations and advice of a general nature and does not have regard to the particular circumstances or needs of any specific person who may read it. Each client should assess either personally or with the assistance of a licensed financial adviser whether the Zenith recommendation or advice is appropriate to their situation before making an investment decision. The information contained in the report is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. Zenith accepts no liability, whether direct or indirect arising from the use of information contained in this report. No part of this report is to be construed as a solicitation to buy or sell any investment. The performance of the investment in this report is not a representation as to future performance or likely return. The material contained in this report is subject to copyright and may not be reproduced without the consent of the copyright owner. Zenith usually receives a fee for assessing the fund manager and product(s) described in this document against accepted criteria considered comprehensive and objective.