

## 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 (%)	4.69	4.69	-0.01	4.90	-0.22
	10 Year Bond Rate (%)	4.03	4.03	0.00	5.50	-1.47
<b>Australian Shares</b>	All Ordinaries Index	4419.97	4388.08	0.72%	4928.60	-11.51%
	S&P/ASX 200	4335.24	4298.55	0.85%	4837.90	-11.59%
<b>Regional Shares</b>	Dow Jones Industrials (US)	13212.04	12952.07	1.97%	12319.73	6.75%
	S&P 500 (US)	1408.47	1365.68	3.04%	1325.83	5.87%
	FTSE 100 (UK)	5768.45	5871.51	-1.79%	5908.76	-2.43%
	STOXX 50 (EUR)	263.32	264.32	-0.38%	275.90	-4.78%
	TOPIX (Japan)	854.35	835.96	2.15%	869.38	-1.76%
	Hang Seng (Hong Kong)	20555.58	21680.08	-5.47%	23527.52	-14.46%
<b>Property</b>	ASX 300 A-REITS Index	809.70	815.40	-0.70%	849.10	-4.87%
<b>Commodities</b>	US\$ Gold Price	1668.35	1696.85	-1.71%	1432.30	14.15%
	US\$ Oil Price – W Texas Crude	103.02	107.07	-3.93%	106.72	-3.59%
	US\$ CRB Spot Commodity Index	497.18	503.46	-1.26%	575.25	-15.70%
<b>Exchange Rates</b>	AUD / USD	1.0346	1.0776	-4.16%	1.0359	-0.13%
	AUD / EUR	0.7753	0.8069	-4.08%	0.7299	5.86%
	AUD / GBP	0.6464	0.6762	-4.61%	0.6447	0.26%
	AUD / JPY	85.73	87.30	-1.83%	85.80	-0.08%
	TWI	76.90	79.20	-2.99%	76.30	0.78%
<b>Volatility</b>	VIX Index %	15.50	18.43	-2.93%	17.74	-2.24%

### Key Points:

- The Reserve Bank of Australia (RBA) kept the overnight cash rate steady during March, defying some analysts' predictions of a further interest drop.
- Yields on Australian Bonds also remained steady, with the 3 Month Bank Bill Swap Rate (BBSW) declining by 1 Basis Point (bp) and the 10 Year Bond Rate unchanged at 4.03%.
- Australian Equities, as measured by the ASX All Ordinaries Index, gained 0.72%. The top 200 companies, measured by S&P/ASX 200 market capitalisation Index, gained 0.85% to outperform the market.
- Regional Shares saw mixed results with the US continuing its recent rally to post a 3.04% gain during March, as measured by the S&P 500 Index. However the European equities index, the STOXX 50, posted a loss of 0.38%. The FTSE 100 Index (UK), underperformed equities markets in the region by posting a loss of 1.79%.
- Asian Equities also saw varied results in equities markets, with the TOPIX (Japan) gaining 2.15%, while the Hang Seng Index (Hong Kong) declined by 5.47%.
- Australian Listed Property prices declined by 0.7% as measured ASX 300 A-REITS Index.
- The price of Gold declined by 1.71%, in USD terms, continuing the trend to sell off the commodity during recent months.
- The Australian Dollar recorded a decline against the Euro, depreciating by 4.08%. The AUD also fell against the British Pound (GBP), finishing the month 4.61% lower. On an absolute basis, the Australian Dollar fell 2.99% as measured by the Trade Weighted Index (TWI)
- The Australian Dollar also fared badly against the US Dollar (USD) and the Japanese Yen (JPY), depreciating by 4.16% and 1.83% during March.

## 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	0.39	1.12	4.89	4.43	5.39	3.18	1.12
Australian Bonds	UBSA Australia Composite All Maturities	0.86	0.78	10.00	6.49	7.27	5.73	0.78
International Bonds	Barclays Global Aggregate (\$A Hedged)	0.20	2.23	11.90	9.53	8.71	8.78	2.23

### Summary of Statistics:

- **Australian Cash** returned 0.39% in March as measured by the UBSA Bank Bill Index.
- **Australian Bonds** added 0.86%, as measured by the UBSA Australia Composite Maturities Index, further contributing to the strong gains earned over the past twelve months to bring the annual return to 10%.
- **International Bonds** gained 0.2% as measured by the Barclays Global Aggregate (\$A Hedged) due to global credit spreads narrowing.
- **Global Corporate Debt Markets** improved, with spreads narrowing across all major classes. The higher risk classes of Emerging Markets debt improved the most, narrowing by 0.19%, with Investment Grade debt spreads narrowing by 0.11%, due to improved market sentiment.

### Commentary:

Australian Fixed Interest markets had a positive month during March with the UBSA Bank Bill Index rising 39bp and the UBSA Australia Composite All Maturities Index rising by 86bp. The higher prices have occurred as a result of credit spreads narrowing across all fixed income categories, indicating an improved global macroeconomic outlook.

Corporate Debt spreads improved in global markets with investors most keen on emerging markets debt as a result of the recent upturn in economic sentiment consequently, spreads narrowed by 0.19%. Investment grade debt also picked up, with spreads narrowing by 0.11%, while AAA grade and High Yield debt were marginally stronger, with spreads narrowing by 0.04% and 0.05% respectively.

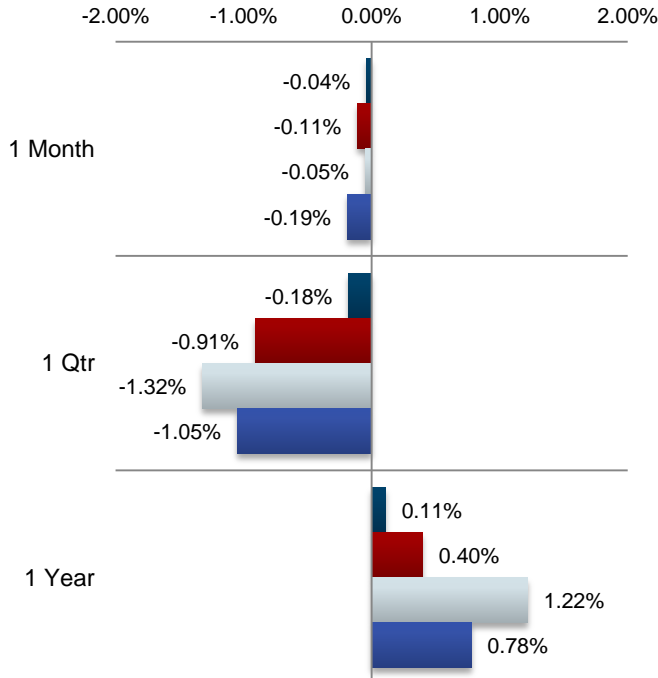
Government bond yields were largely unchanged in most developed economies during March, further demonstrating the markets' declining, yet ever present, scepticism in the global economy. Australian government bonds posted varied results, with 3 year bonds falling 0.14% and 10 year bonds rising by 0.01%. US Treasury Bonds posted significant gains, with 10 year bonds rising by 24bp and 3 year Treasury's closing 9bp higher. The rise in these bond yields is a result of falling prices, which can be attributed to a selloff in these assets to pursue higher risk and return investments.

International Bond Prices gained 0.20%, as measured by the Barclays Global Aggregate (\$A Hedged). The major contributors to this index are the US and Japanese economies, where equity markets have also been prosperous over the corresponding period. This correlation indicates an increase investor confidence who will then demand a lower risk premium for investing in fixed interest securities. The improved sentiment can be highly attributed to the ongoing global economic recovery, which is being primarily driven by these two regions.

European investors took positively to the Greek government's acceptance of a second bailout package, increasing demand for the Euro and the British Pound. The Australian Dollar consequently declined against the major European currencies, recording a depreciation of 4.08% against the Euro and 4.61% against the British Pound. The Australian Dollar declined against the US Dollar by 4.16% due to the ongoing economic recovery unfolding in the world's largest economy, which has had the effect of strengthening the US currency. The Trade Weighted Index (TWI), which measures the value of the local currency against major trading partners on an export weighted basis, declined 2.99% as falling commodities prices reduced demand for the local currency.

Cash, Fixed Interest & Credit

GLOBAL CORPORATE DEBT- CHANGE IN SPREADS

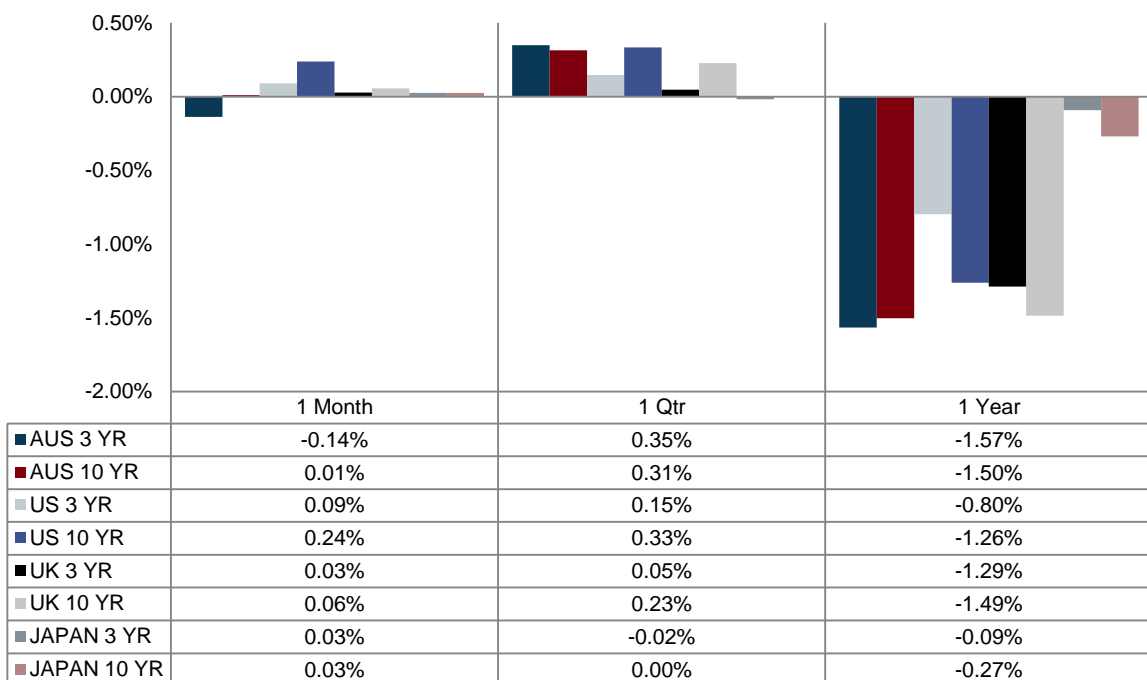


This chart shows the change in Global corporate debt spreads over the past 1 month, 1 quarter and 1 year. A negative change in spreads indicates a rise in corporate debt security prices and vice versa.

	1 Year	1 Qtr	1 Month
■ AAA	0.11%	-0.18%	-0.04%
■ Inv Grade	0.40%	-0.91%	-0.11%
■ High Yield	1.22%	-1.32%	-0.05%
■ Emg Mkts	0.78%	-1.05%	-0.19%

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: 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	1.22	8.58	-6.27	11.35	-2.10	1.80	8.58
	ASX 50 Leaders	1.45	7.62	-5.76	10.63	-1.34	2.66	7.62
	ASX Midcap 50	0.32	10.87	-7.89	12.61	-4.99	-2.25	10.87
	ASX Small Ordinaries	0.19	14.98	-8.57	17.93	-3.85	-0.57	14.98
	S&P/ASX Emerging Companies	0.99	19.33	-10.87			1.51	19.33
<b>GICS Sectors</b>	S&P/ASX 300 Materials	-3.96	6.37	-20.25	10.06	2.20	-13.91	6.37
	S&P/ASX 300 Industrials	1.87	15.71	5.40	18.29	-5.71	12.00	15.71
	S&P/ASX 300 Consumer Discretionary	2.08	14.21	-6.75	11.74	-9.17	8.77	14.21
	S&P/ASX 300 Consumer Staples	4.51	7.41	5.60	15.31	4.79	8.37	7.41
	S&P/ASX 300 Energy	-2.06	13.14	-14.73	5.12	5.33	0.07	13.14
	S&P/ASX 300 Healthcare	7.51	11.76	1.60	7.50	3.07	11.59	11.76
	S&P/ASX 300 Information Technologies	13.50	17.01	-4.12	5.99	-3.81	10.69	17.01
	S&P/ASX 300 Telecommunications	0.45	5.75	32.64	14.02	3.65	24.32	5.75
	S&P/ASX 300 Financials ex Property	4.82	8.98	0.77	16.14	-0.21	10.38	8.98
	S&P/ASX 300 Utilities	6.09	8.32	21.80	13.39	-2.06	18.32	8.32
	S&P/ASX 300 Property	-0.59	7.14	1.67	14.78	-13.62	9.20	7.14

### Summary of Statistics:

- **Australian shares** gained 1.22% in March, as measured by the **S&P/ASX 300 Index**.
- On a market capitalisation basis, the 50 largest Australian listed companies were the strongest performers, adding 1.45%, measured by the **ASX 50 Leaders Index**.
- While the **ASX Emerging Companies Index** recorded a gain, ending the month 0.99% higher, it still underperformed the overall market.
- On a sector basis, **Information Technologies** outperformed the market by a staggering 12.28%, to end the month 13.5% higher. **Healthcare** also significantly outperformed the market, gaining 7.51%
- The **S&P/ASX Emerging Companies** was the best performer on a market cap basis, gaining 8.1%, exceeding the market by 6.06%.
- The **ASX 50 Leaders** underperformed the benchmark by 0.74%, although it gained 1.3% during February.

### Commentary:

After experiencing two months of positive economic news in Australia, investors were braced for a correction during March. This sentiment quickly began to materialise when the Chinese government indicated that they intended to put the brakes on economic growth in the country. Further scepticism was being exhibited in the Euro region where there was still doubt surrounding the EU and IMF bailout of Greece, even though the Greek parliament had previously voted in favour of the required austerity measures. Although March started in a negative fashion and the decline in key Australian macroeconomic statistics exceeded analysts' expectations, sentiment started to improve as the month progressed enabling the Australian share market to generate positive returns by the end of the month, closing 1.22% higher as measured by the ASX 300 Index.

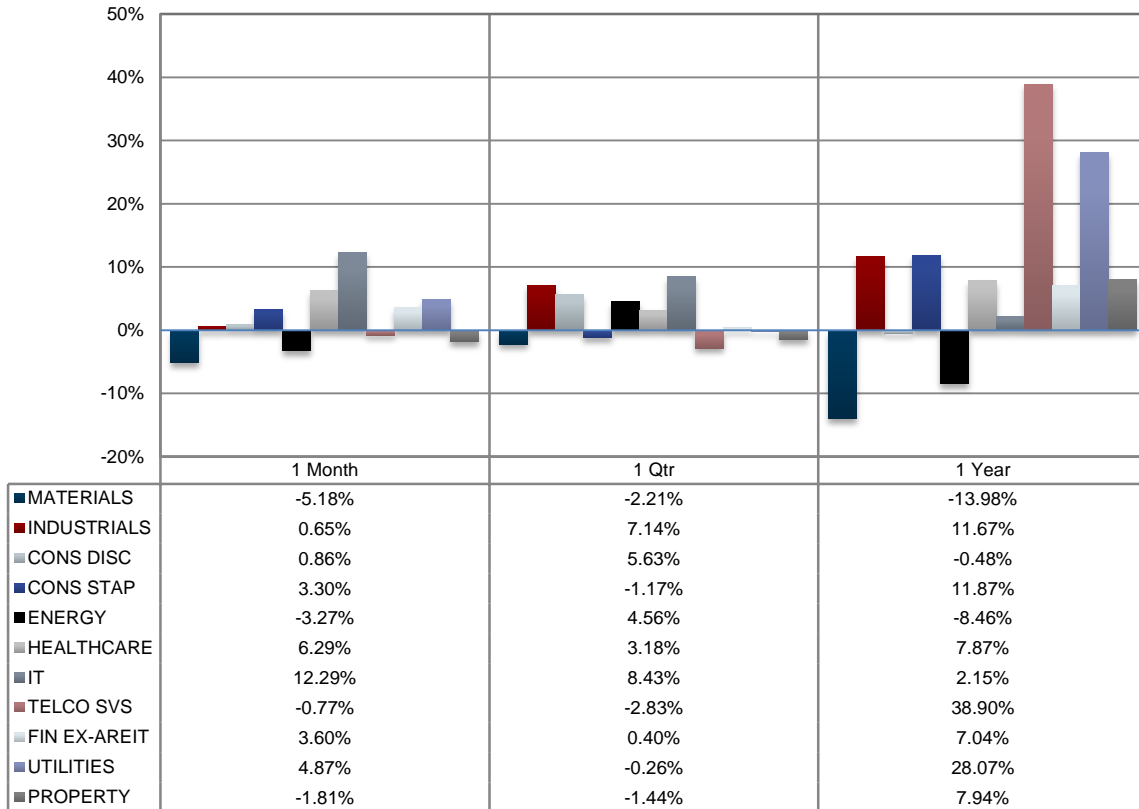
Leading these gains was the S&P/ASX 300 Information Technologies industry sector which ended the month 13.5% higher. Silix Systems Ltd, who research and develop technology for alternative energies, gained 16.51% after gaining endorsement and funding grants from The Australian Solar Institute. Computershare Ltd, a global investor communication services company, ended the month 16.28% higher and, in doing so, added \$681m in market capitalisation. The rise eventuated after the company announced new business expansions and prospects, including the launch of the new Digital Post product.

The Healthcare sector was another strong performer during March, posting a gain of 7.51%, to end the quarter 11.76% higher. Biota Holdings was the greatest outperformer in that sector, ending the month 30.7% higher after the second stage tests of their flagship drug showed successful results. CSL Ltd was another strong performer in the Healthcare sector, gaining 10.6% which added \$1.75b to its market capitalisation, after commencing clinical trials on a treatment process for patients with neurological diseases.

The Materials sector was the worst performing industry during March, declining by 3.96% due to falling commodities prices. Kagara Ltd was the worst performer, with the share price falling by 45.2%. BHP and RIO declined by 4.13% and 3.04% respectively, to wipe off a combined \$10.9b from their market capitalisations.

Australian Shares

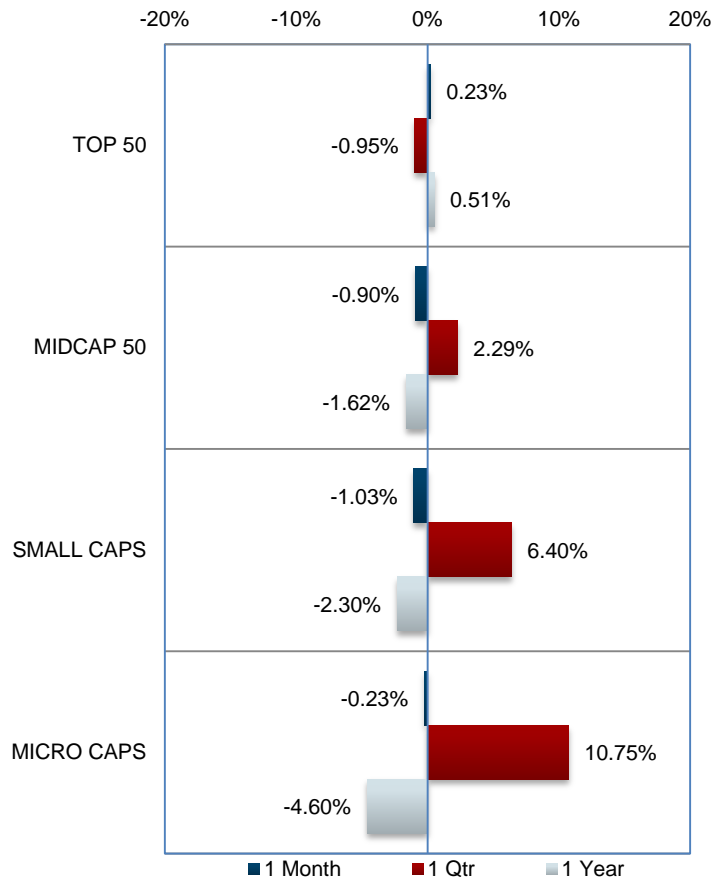
GICs SECTOR PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX



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 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

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 in A\$	MSCI World Ex Au Unhedged A\$	5.80	10.50	0.69	5.07	-5.63	8.35	10.50
	MSCI World A\$	5.64	10.41	0.39	5.25	-5.52	8.09	10.41
	MSCI Small Cap World Ex Aus	5.28	12.33	-3.00	12.02	-4.00	6.09	12.33
Regional in A\$	MSCI North America	7.00	10.92	5.49	7.39	-3.27	14.81	10.92
	MSCI Asia	3.12	11.40	-3.93	2.99	-5.71	-0.24	11.40
	MSCI AC Asia ex-Japan	1.02	12.53	-7.21	8.88	-0.04	-2.57	12.53
	MSCI China	-2.89	8.78	-12.98	0.26	-0.13	-5.00	8.78
	MSCI Europe	3.68	9.51	-7.70	2.92	-8.65	-0.94	9.51
	MSCI Emerging Markets	0.82	12.90	-8.96	9.48	-0.41	-1.74	12.90
	MSCI India	-1.26	18.81	-20.64	8.00	-1.78	-10.56	18.81
	MSCI Japan	5.69	10.11	0.08	-2.02	-9.80	2.49	10.11
	MSCI World ex Au Local Currency	1.78	11.32	1.80	17.61	-1.76	5.08	11.32
Hedged	MSCI World ex Au Local Currency	1.78	11.32	1.80	17.61	-1.76	5.08	11.32
Gold Shares in A\$	FTSE Gold Mines	-8.54	-6.58	-17.60	-5.80	1.27	-10.03	-6.58
Global Resources in A\$	HSBC Global Mining	-5.13	3.85	-23.63	8.36	-1.17	-15.96	3.85

Summary of Statistics:

- International Shares gained 5.80% in March as measured by the **MSCI World ex-Australia Index (Unhedged)**, while the **MSCI World ex Australia Index (Hedged)** gained 1.78%.
- On a regional basis, **North America** was the strongest performer gaining 7%, in Australian Dollar terms. **Japan** also posted impressive results, closing 5.69% higher.
- China was the worst performing region, with the **MSCI China Index** falling by 2.89%. **India** also performed poorly, declining by 0.82%. Overall, **Emerging Markets** gained 0.82% in March.

Commentary:

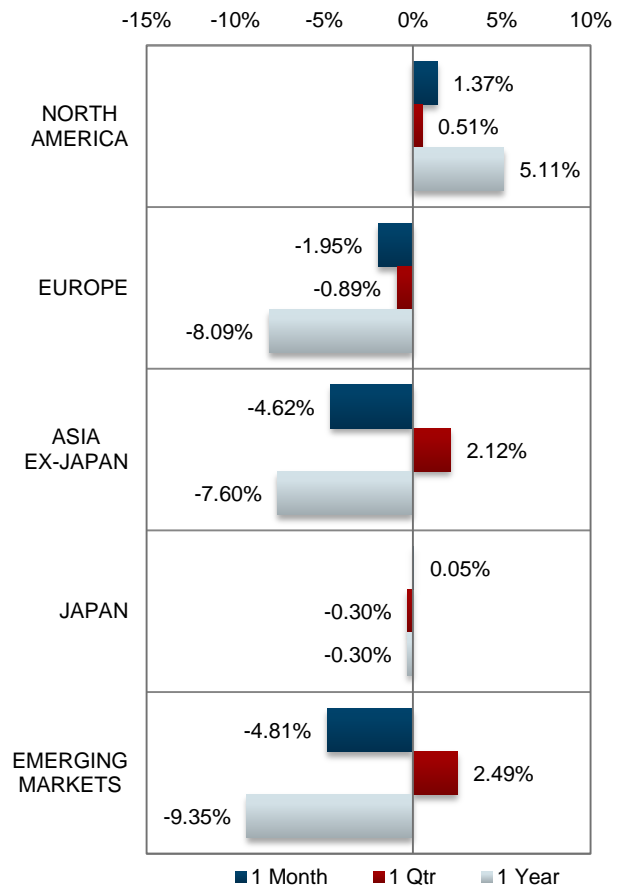
Many international equities markets drew optimism from the nearing conclusion of the European sovereign debt crisis. While the disaster is not yet entirely averted, an important stabilising block was implemented during March, with the EU and IMF providing Greece with a second bailout package. Investors in Europe responded positively to this announcement and drove the MSCI Europe index 3.68% higher, to end a strong quarter during which it appreciated 9.51%.

US investors also responded positively to the calmed demeanour in European markets. Further confidence was gained upon observation of statistics that showed retail sales, new car sales and non-farm unemployment had all improved beyond analysts' expectations, which drove the MSCI North America Index 7% higher, outperforming the MSCI World benchmark by 1.37%.

The Chinese government announced their intentions early in the month to intervene, using monetary policy vehicles, to slow economic growth in the country. Additionally, manufacturing and export data emerged lower than analysts' consensus, which had the effect of driving Chinese equities down 2.89%.

Asian Equities were boosted by 3.12% however, by positive macroeconomic news from Japan. Machinery orders, household income and household spending all improved to push the MSCI Japan Index 5.69% higher. In doing so, much of the financial loss from the 2011 earthquake and tsunami has now been recovered.

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



This chart shows Regional performance relative to the MSCI World Index in \$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.



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	-0.02	3.14	-6.38	3.65	-2.46	-3.87	3.14
<b>Macro/CTA</b>	HFRX Macro/CTA Index	-1.60	-1.29	-7.47	-5.39	-0.85	-5.25	-1.29
	HFRX Macro: Sys Div CTA Index (USD)	-2.36	-3.90	-2.21	-2.36	6.95	-3.96	-3.90
<b>Market Neutral</b>	HFRX Market Neutral Index	-1.21	-1.63	-7.12	-1.72	-2.04	-6.56	-1.63
<b>Commodities</b>	Dow Jones/UBS Commodity Index \$A	-0.03	-0.18	-16.46	-4.65	-8.44	-7.59	-0.18

Summary of Statistics:

- **Hedge Funds** declined by 0.02% during March, as measured by the HFRX Global Hedge Fund Index, which measures performance of six core hedge fund strategies.
- **Macro Funds** declined by 1.60% as measured by the HFRX Macro/CTA Index
- **Market Neutral Funds** also had a poor month, with the HFRX Market Neutral Index declining by 1.21%.
- **Commodities** remained largely unchanged, falling by 0.03%, as measured by the Dow Jones/UBS Commodity Index (\$A).

Commentary:

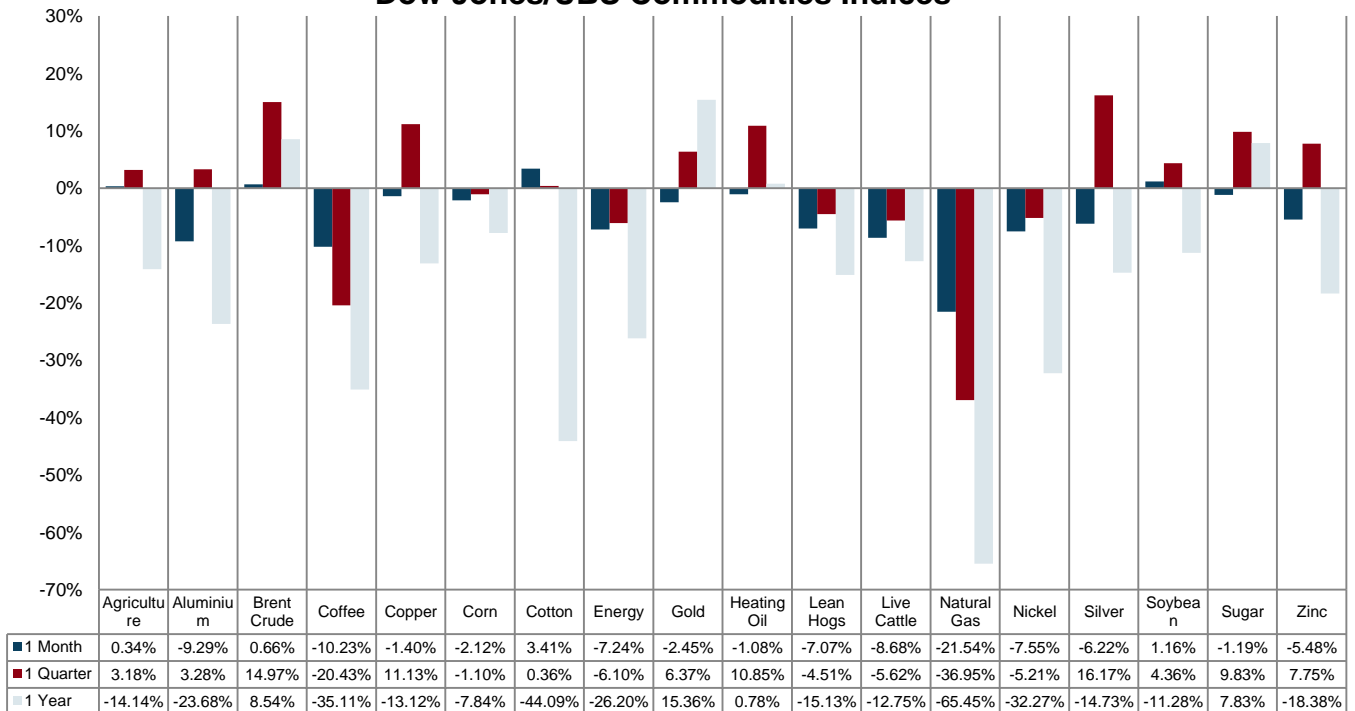
Alternative investment strategies had a poor month in March, with the declines led by the Macro sector. The HFRX Macro/CTA Index lost by 1.60%, while the more specific HFRX Macro: Sys Div CTA Index (USD) fell 2.36%. Market Neutral funds fell by 1.21% wiping out the gains from the previous two months, to end the quarter 1.63% lower. Hedge Funds remained largely unchanged, declining by 2bp, and are currently on target to stay flat for the 2011/12 financial year.

March was a poor month for commodities with most major assets experiencing negative or minimal price growth. Overall, the sector remained largely unchanged, with the Dow Jones/UBS Commodity Index \$A falling by 3bp.

Early in the month India, the world's second largest Cotton producer, banned exports of the commodity citing national interests. Although the decision was quickly reversed, buyers still stockpiled the commodity due to its future uncertainty, which drove the price 3.41% higher. Soybeans and Agriculture prices continued to rise as the ongoing drought in Brazil and Argentina has caused them to reduce output forecasts for the third consecutive month.

Poorer than expected manufacturing data from China, as well as an announcement by the government to slow down economic growth, triggered a decline in the price of production metals; aluminium, nickel and zinc, in anticipation of reduced demand from the nation.

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
Australian Listed Property	S&P/ASX 300 Property	-0.59	7.14	1.67	14.78	-13.62	9.20	7.14
Global Listed Property - Hedged in A\$	FTSE E/N Developed	1.83	12.61	1.77	25.04	-8.91	0.05	12.61
Australian Listed Infrastructure	S&P/ASX 300 Utilities	6.09	8.32	21.80	13.39	-2.06	18.32	8.32
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Util.	1.50	5.55	8.04	16.61	0.52	7.25	5.55
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	1.30	14.04	-5.30	5.77	-1.11	2.53	14.04

Summary of Statistics:

- **Australian Listed Property** declined by 0.59%, to underperform the global benchmark by 2.42%
- **Australian Listed Infrastructure** posted a strong 6.09% rally during March, to bring the total return over the past 12 months to 21.8%.
- The **UBS Global Infrastructure and Utilities Index (Hedged)** rose by 1.5%, to end the quarter 5.55% higher.
- **Emerging Market Infrastructure** underperformed the global benchmark by 20bp, to increase 1.3% over March.

Commentary:

Australian Property experienced a minor correction during March, declining by 0.59%, after posting two solid months of gains, to end the quarter 7.14% higher. Also contributing to the decline was a decrease in the number of new home loans and housing construction commencements, which are leading property indicators, directing investors to exercise caution in the sector.

Leading the falls were Stockland and Australand, which declined by 7.26% and 3.40% respectively, due to their large residential exposures.

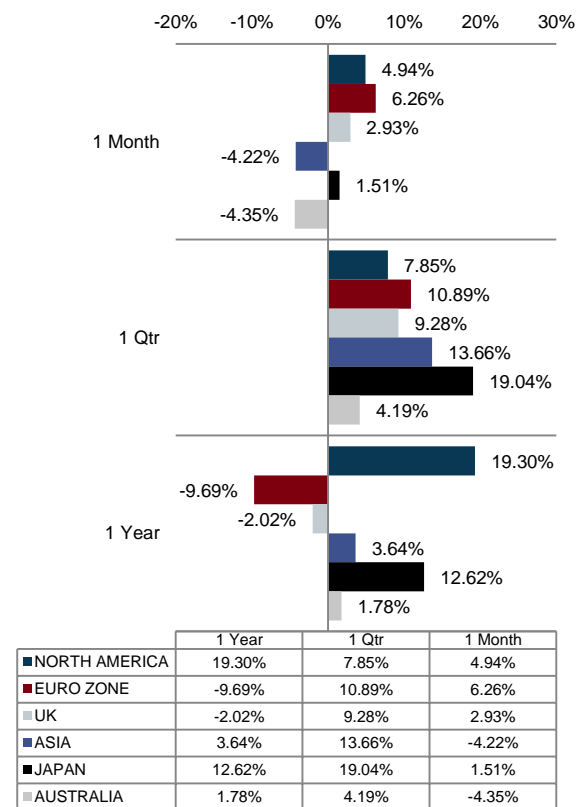
Australian Infrastructure posted strong gains of 6.09%, to outperform the global benchmark by 4.59%. Leading the gains was Energy World Corp, who own power stations in Australia and Southern Asia, by gaining 13.77%. Spark Infrastructure group posted a 9.52% gain after announcing a capital restructuring plan and winning an Australian government tender.

Global listed Property gained 1.83% during March, to end the quarter 12.61% higher. Positive outcomes from recent EU and IMF summits led many investors to conclude that Greece's sovereign debt problems are no longer an imminent crisis. This positive sentiment drove European property stocks 6.26% higher. British investors also drew confidence from this news causing UK listed property to rally 2.93%.

North American investors took this news positively, along with reports that new housing starts and loan approvals in the US had increased, in turn driving listed property in the region 4.94% higher.

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%.

FTSE EPRA NAREIT REGIONAL LISTED PROPERTY RETURNS



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Data source: Bloomberg

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