

## 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 (%)	2.50	2.50	0.00	3.25	-0.75
	3 Month BBSW (%)	2.57	2.45	0.12	2.92	-0.35
	10 Year Bond Rate (%)	4.02	3.81	0.21	3.13	0.90
<b>Australian Shares</b>	All Ordinaries Index	5420.28	5217.74	3.88%	4535.36	19.51%
	S&P/ASX 200	5425.50	5218.88	3.96%	4517.00	20.11%
<b>Property</b>	ASX 300 A-REITS Index	1029.80	1003.30	2.64%	959.00	7.38%
<b>Regional Shares</b>	Dow Jones Industrials (US)	15545.75	15129.67	2.75%	13096.46	18.70%
	S&P 500 (US)	1756.54	1681.55	4.46%	1412.16	24.39%
	FTSE 100 (UK)	6731.43	6462.22	4.17%	5782.70	16.41%
	STOXX 50 (EUR)	322.37	310.46	3.84%	270.30	19.26%
	TOPIX (Japan)	1194.26	1194.10	0.01%	742.33	60.88%
	Hang Seng (Hong Kong)	23206.37	22859.86	1.52%	21641.82	7.23%
<b>Commodities</b>	US\$ Gold Price	1323.10	1328.94	-0.44%	1720.65	-23.10%
	US\$ Oil Price – W Texas Crude	96.38	102.33	-5.81%	86.24	11.76%
	US\$ CRB Spot Commodity Index	457.26	467.57	-2.21%	476.16	-3.97%
<b>Exchange Rates</b>	AUD / USD	0.95	0.93	1.35%	1.04	-8.84%
	AUD / EUR	0.70	0.69	0.86%	0.80	-13.06%
	AUD / GBP	0.59	0.58	2.18%	0.64	-8.37%
	AUD / JPY	93.03	91.70	1.44%	82.89	12.23%
	TWI	72.10	71.20	1.26%	76.50	-5.75%
<b>Volatility</b>	S&P VIX Index %	13.75	16.60	-2.85%	18.60	-4.85%

### Key Points:

- The RBA kept the overnight cash rate steady at 2.50% during the October meeting. The rate was also left unchanged during the November sitting.
- The 3 Month Bank Bill Swap rate gained 0.12% for the month, ending October priced at 2.57%.
- 10 Year Bond Rates rose by 21 basis points, ending the month priced at 4.02%.
- Australian equities continued their recent rise in October, with the All Ordinaries Price Index gaining 3.88% while the S&P/ASX 200 Price Index added 3.96% for the month.
- Australian Listed Property followed the broad Australian equities market uptrend, with the S&P/ASX 300 AREITS Price Index gaining by 2.64%.
- Most of the major regional equities markets recorded gains in October, in an overall positive month for risk assets. Despite government issues, the US stock market rallied through the month with S&P 500 (US) Price Index up by 4.46% in October.
- Japanese Equities showed signs of growth slowing down, the TOPIX (Japan) Price Index was largely unchanged in October (1194.26) from previous month (1194.10).
- Commodities prices continued to fall, with the gold price declining by -0.44% (in \$US terms) and the \$US Oil Price falling by -5.81%. Overall, commodities declined by -2.21% for the month as measured by the \$US CRB Spot Commodity Index.
- The Australian Dollar continued to rise in October, posting gains against most major currencies. Specifically, it appreciated by 1.35% against US Dollar, 2.18% against British Pound and 1.44% against Japanese Yen.
- The US equity market volatility declined by -2.85% for the month, ending October priced at 13.75 as measured by the S&P VIX Index.

## Zenith Monthly Market Report Cash, Fixed Income and Credit

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
<b>Australian Cash</b>	UBSA Bank Bill	0.22	0.66	2.98	4.07	4.10	0.92	2.43
<b>Australian Bonds</b>	UBSA Australia Composite All Maturities	-0.06	0.12	1.75	6.73	6.50	0.98	1.55
	Barclays Global: Australia TRI	-0.36	-0.40	-0.13	6.28	5.71	0.28	0.08
	Barclays Australian Corporate TRI	0.23	0.94	4.83	8.29	8.04	2.11	3.87
<b>International Bonds</b>	Barclays Global Aggregate \$A (H)	1.11	1.93	3.70	7.25	9.17	2.57	2.58
	Barclays Global Agg Treasuries TRI \$A (H)	1.01	1.81	4.05	6.96	8.02	2.37	2.87
	Barclays Global Agg Corporate TRI \$A (H)	1.58	2.18	3.52	8.51	12.86	3.37	2.45
<b>Emerging Markets Debt</b>	Barclays EM Hard Currency Agg TRI \$A (H)	2.30	2.90	1.69	9.24	18.94	4.34	-0.82

### Summary of Statistics:

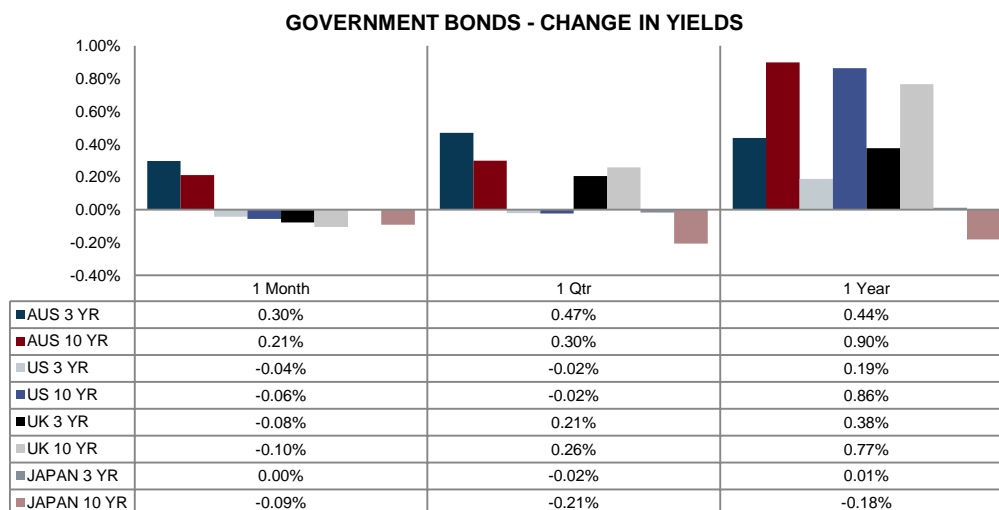
- Australian Cash gained 0.22% in October, as measured by the UBSA Bank Bill Index, taking its one year return to 2.98%.
- Australian Bonds fell by 6 basis points (bp) in October, as measured by the UBSA Australia Composite All Maturities Index. Government Bonds were the largest contributor to this loss, with the Barclays Global Australia Total Returns Index slumping -0.36% for the month.
- International Bonds had a positive month, with the Barclays Global Aggregate (Hedged) \$A Index closing 1.11% higher. Gains were largely driven by the corporate sector, which added 1.58% in October.

### Commentary:

The RBA elected to keep the overnight cash rate steady at 2.50% during the October board meeting and similarly chose to keep the rate unchanged at the November sitting. RBA Governor, Glenn Stevens, reaffirmed that Australian economic growth has been below trend level over the past year as the economy adjusts to lower levels of mining investment. Consumer confidence increased in the past quarter, with the expectation of growing private demand to continue over the short term. However there are uncertainties around how persistent the increased business and household sentiment would last over the longer term.

The UBSA Australia Composite All Maturities Index underperformed the Barclays Global Aggregate (Hedged) \$A Index by 1.17% for the month. Losses in Australian Bond market were largely driven by a fall in Government Bond prices, accommodated by rising yields with the Australian 3 Year and 10 Year Government Bond Yields adding 0.30% and 0.21% respectively. The Barclays Global Australia Total Returns Index lost -0.36% for the month while Barclays Australian Corporate Total Returns Index continue to do well, adding 0.23% in October to bring the total calendar year return up by 3.87%.

Despite the US Government shutdown and fiscal policy issues in early October, Global Bond market produced a gain of 1.11% as measured by Barclays Global Aggregate \$A (Hedged) Index. Corporate Bonds have been the driving force of these gains, returning 1.58% in October as measured by Barclays Global Aggregate Corporate \$A (Hedged) Index.



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	3.93	8.85	24.83	9.65	10.97	14.62	20.33
	S&P/ASX 50 Leaders Index	4.24	8.91	27.61	11.55	11.72	14.56	22.78
	S&P/ASX Midcap 50 Index	2.20	9.41	20.49	4.95	7.98	12.68	15.25
	S&P/ASX Small Ordinaries Index	2.74	7.48	2.85	-2.73	7.46	18.03	2.11
	S&P/ASX Emerging Companies Index	3.15	10.15	-13.53	-9.76		28.61	-7.06
<b>GICS Sectors</b>	S&P/ASX 300 Materials	3.42	10.53	1.54	-5.90	5.95	21.03	-2.41
	S&P/ASX 300 Industrials	1.88	13.07	23.90	7.49	7.97	15.04	18.28
	S&P/ASX 300 Consumer Discretionary	2.65	11.64	49.79	12.69	13.93	18.05	41.27
	S&P/ASX 300 Consumer Staples	2.54	7.54	24.42	14.88	15.89	8.76	21.18
	S&P/ASX 300 Energy	0.22	7.81	14.75	-0.31	4.53	14.66	16.30
	S&P/ASX 300 Healthcare	4.49	5.93	35.29	22.23	13.03	10.74	24.24
	S&P/ASX 300 Information Technologies	1.99	9.11	25.05	6.33	10.70	10.67	23.50
	S&P/ASX 300 Telecommunications	4.23	8.23	36.98	38.63	17.64	13.14	29.96
	S&P/ASX 300 Financials ex Property	5.94	10.45	44.52	21.85	19.11	17.46	38.03
	S&P/ASX 300 Utilities	1.09	4.03	17.23	14.00	11.44	6.98	10.63
	S&P/ASX 300 Property	2.64	3.54	13.41	13.12	7.37	2.82	11.68

### Summary of Statistics:

- Australian Equities continued their recent upward trend in October with the S&P/ASX 300 Accumulation Index gaining 3.93%.
- On a market capitalisation basis, large-cap stocks stood out with the S&P/ASX 50 Leaders Index rising 4.24% in October, bringing gains in the last 12 months up by 27.61%.
- Micro-cap companies continued to recover, with S&P/ASX Emerging Companies Index rising 3.15% for the month.
- On a sector basis, leading performers S&P/ASX 300 Financials ex Property Index and S&P/ASX 300 Healthcare Index gained 5.94% and 4.49% respectively for the month. Energy and Utilities sectors underperformed the broad market, ending the month 0.22% and 1.09% higher respectively.

### Commentary:

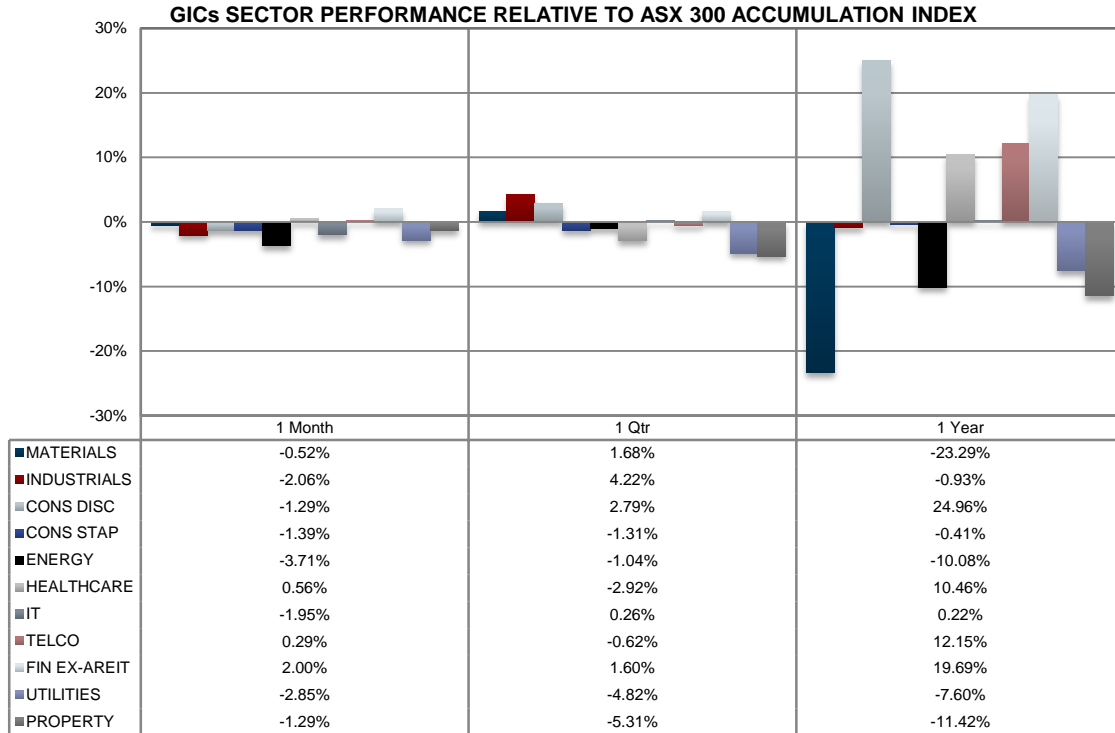
Australian equities continued their recent growth trend, ending the month 3.93% higher as measured by the S&P/ASX 300 Accumulation Index. Over the past 12 months, the index has posted strong returns, gaining 24.83%. The monetary easing policy since late 2011 seems to have made an effect in boosting Australian economic growth. Business and consumer confidence have been rising and the historically low levels of interest rates have been encouraging more activity outside the mining sector.

Leading the gains in October were large-cap stocks with the S&P/ASX 50 Leaders Index soaring 4.24% for the month, bringing total gains over the past 12 months to 27.61%. Smaller cap stocks continued to recover with the S&P/ASX Small Ordinaries Index and S&P/ASX Emerging Companies Index adding 2.74% and 3.15% respectively for the month.

The Healthcare sector performed well in October with S&P/ASX 300 Healthcare returning 4.49% following a minor loss of -1.66% in September. Australian Pharmaceutical Industries Ltd led the positive performance, gaining 26.73% for the month.

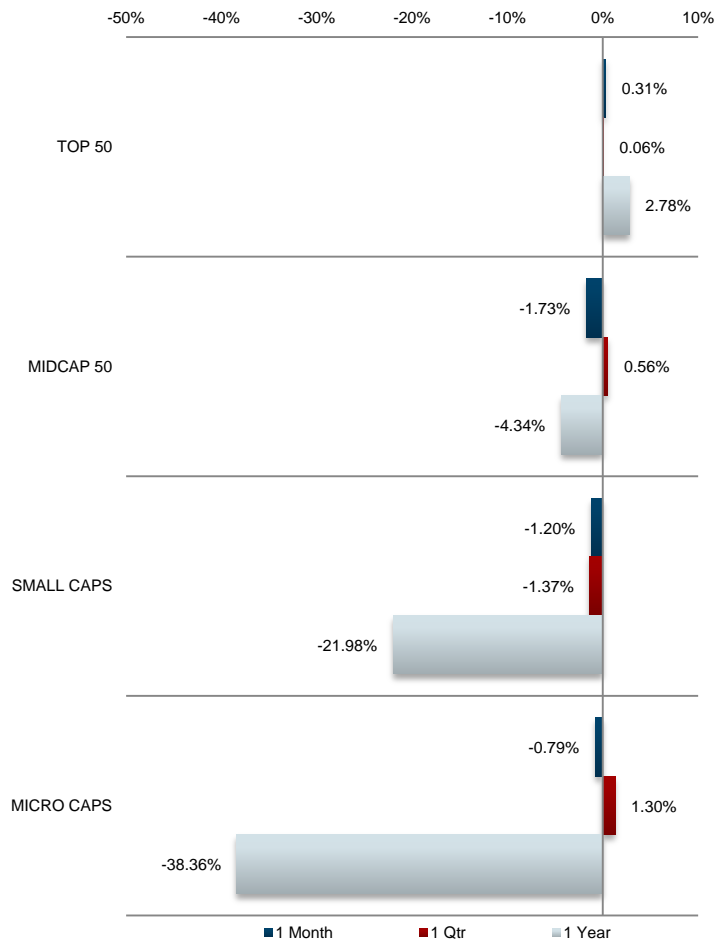
Financials ex-Property was the strongest performing sector in October, recording a gain of 5.94% to bring the total return up by 44.52% in the past 12 months. Accompanied with improving credit quality, major banks have recorded bumper returns. The strongest performer was Bank of Queensland, which posted return of 14.93% for the month, while the big four banks also recorded gains: ANZ (9.88%), CBA (8.64%), WBA (6.08) and NAB (3.10%).

The Energy and Utilities sectors lagged behind in October, posting flat returns of 0.22% and 1.09% respectively. Australia's second-largest coal miner Whitehaven Coal Ltd recorded a loss of -18.95% for the month while Paladin Energy Ltd and Infigen Energy each lost -18.09% and -13.79% respectively.



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**



This chart shows market capitalisation segmental performance relative to the S&P/ASX 300 Accumulation Index.

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
<b>International Shares - Unhedged</b>	MSCI World Ex-Au (\$A)	2.55	0.95	38.16	13.30	5.26	8.47	34.10
	MSCI World (\$A)	2.61	1.21	37.72	13.18	5.43	8.66	33.63
	MSCI Small Cap World Ex Aus (\$A)	1.78	2.43	44.88	15.61	10.78	11.20	39.26
	MSCI AC World (\$A)	2.66	0.37	37.42	12.56	4.48	6.83	32.68
<b>International Shares - Local Currency</b>	MSCI World ex-Au (Local Currency)	3.95	5.50	27.83	12.57	12.19	10.49	23.64
	MSCI World (Local Currency)	3.91	6.79	25.77	11.89	13.34	12.41	21.89
	MSCI World S. Cap ex-Au (Loc. Curr.)	3.08	8.08	32.31	14.29	19.08	15.04	27.03
	MSCI AC World (Local Currency)	3.96	5.90	25.49	11.28	12.32	10.52	21.02
<b>Regional Shares - Local Currency</b>	MSCI North America	4.43	4.98	25.37	14.81	14.06	10.30	23.68
	MSCI Asia	1.78	6.27	32.81	8.76	11.26	7.19	20.46
	MSCI AC Asia ex-Japan	3.48	6.82	12.03	3.67	16.19	9.02	5.99
	MSCI China	2.48	10.49	9.32	-0.21	15.00	14.94	2.38
	MSCI Europe	4.39	6.62	24.49	8.56	10.44	12.86	19.75
	MSCI Emerging Markets	4.02	8.30	10.36	3.31	14.68	9.88	4.50
	MSCI India	8.53	8.90	14.98	2.00	17.90	8.33	8.08
	MSCI Japan	-0.02	5.76	64.48	15.53	8.52	5.34	41.05
<b>Global Gold Shares in \$A</b>	FTSE Gold Mines	-0.79	-6.86	-46.88	-24.56	-6.15	4.11	-39.47
<b>Global Resources in \$A</b>	HSBC Global Mining	1.86	6.07	-10.42	-11.29	2.74	15.49	-11.95

### Summary of Statistics:

- International Shares posted positive returns in October with the MSCI World ex-Australia (Local Currency) Index gaining 3.95%, while the unhedged (\$A) was up by 2.55%.
- MSCI All Countries World (Local Currency) Index increased by 3.96% while it has added 2.66% in unhedged Australian Dollar terms.
- On a regional basis, most countries reported gains with India posting the strongest recovery in October, gaining 8.53% as measured by MSCI India (Local Currency) Index.
- Gold stocks continued to fall in October with the FTSE Gold Mines (\$A) Index down 79 bp to bring total losses for the past 12 months to -46.88%.

### Commentary:

Despite the US Government shutdown, global equities advanced in October with the MSCI World ex-Australia (Local Currency) Index gaining 3.95%. The focus of investors seems to be mostly on the timing of the US Federal Reserve's "tapering" of quantitative easing policy. As expected, the \$US 85 billion per month bond purchase program was maintained during the latest Federal Open Market Committee (FOMC) meeting. The Fed Committee could see an improvement in economic activities yet decided to wait for more evidence confirming the sustainability of this positive progress before making a tapering decision. However, the optimistic assessment of the US economy during the late October FOMC meeting is boosting the likelihood of the Fed cutting back its bond-buying program.

Consequently, international shares expanded in October with the MSCI World ex-Australia (Local Currency) Index gaining 3.95% in October, bringing total gains over the past 12 months to 27.83%. Driven by this renewed confidence, Emerging Markets continued to recover in October with the MSCI Emerging Markets (Local Currency) Index gaining 4.02%. In particular, India performed the strongest with the MSCI India (Local Currency) Index adding 8.53% for the month. This rally has been driven by an increase in business confidence, as the Indian HSBC Services Purchasing Managers' Index (PMI) rose to 47.1 in October from the previous month of 44.6. However, a PMI figure below 50 indicates Indian economy is still contracting.

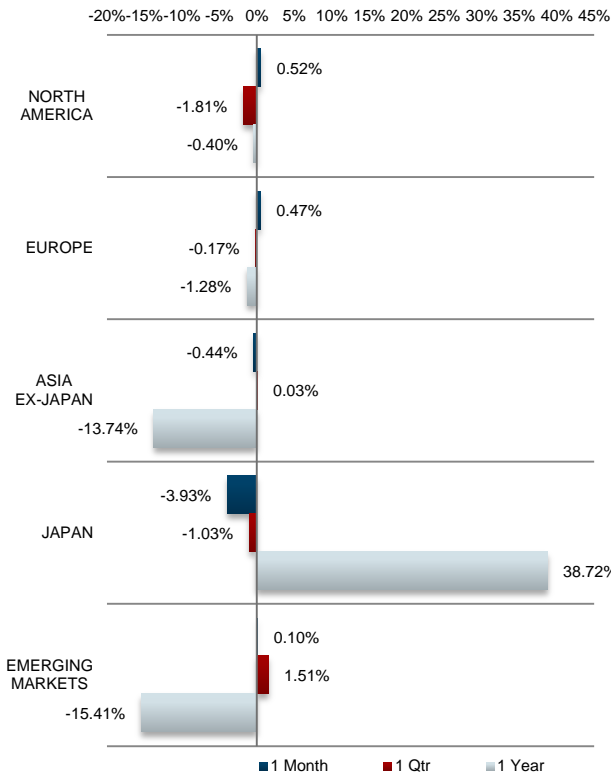
Japan had a minor correction in October, with the MSCI Japan (Local Currency) Index being the weakest performer, down by -0.02%. Export slowdowns and falling private consumption within the country contributed to this cyclical adjustment. However, spending is expected to pick up again leading towards Japan's next April's 3% sales tax increase to 8% from its current 5% level. Over the past 12 months, Prime Minister Shinzo Abe's stimulus policy has helped the Japanese equity market grow by 64.48%. Abe's plan is to combine fiscal spending and monetary easing policies to pull Japan out of its decades-long liquidity trap.

## Zenith Monthly Market Report 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	1.35	5.58	-8.84	-1.28	7.22	3.56	-8.86
	AUD / EUR	0.86	3.08	-13.06	-0.44	5.91	-0.94	-11.55
	AUD / GBP	2.18	-0.17	-8.37	-1.29	7.46	-1.86	-7.78
	AUD / JPY	1.44	5.57	12.23	5.56	7.34	2.68	3.47

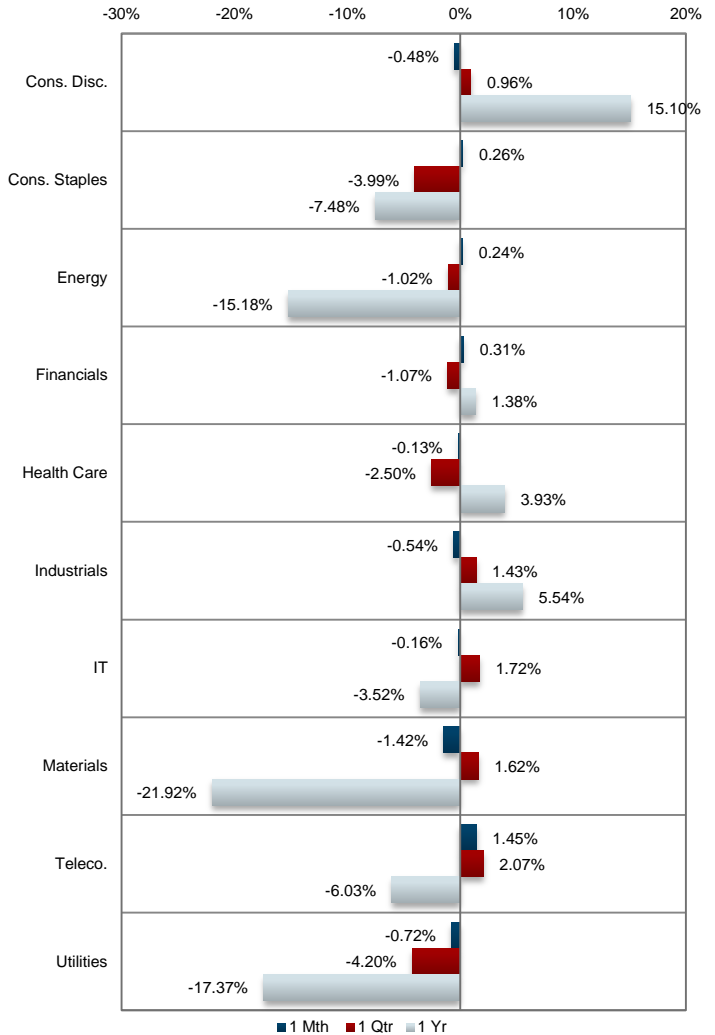
Investors should note that investments in any international assets are subject to the risk of currency fluctuations. If a foreign investment is unhedged, the gain / loss from the relevant currency pair should be deducted from the return of the asset to calculate the approximate return of the investment.

REGIONAL PERFORMANCE RELATIVE TO MSCI WORLD INDEX  
IN HEDGED \$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%. N.B. Emerging Markets is not part of the index.

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	3.49	6.87	40.59	16.85	17.96	12.23	31.74
Local Currency	MSCI ACWI Consumer Staples Index	4.22	1.91	18.01	12.06	11.80	5.03	16.57
	MSCI ACWI Energy Index	4.20	4.88	10.31	5.56	6.18	9.88	11.40
	MSCI ACWI Financials Index	4.28	4.83	26.87	6.65	6.11	9.80	19.72
	MSCI ACWI Health Care Index	3.84	3.40	29.42	16.96	12.24	8.59	28.33
	MSCI ACWI Industrials Index	3.42	7.33	31.04	10.19	12.08	12.50	23.49
	MSCI ACWI IT Index	3.81	7.63	21.97	10.35	13.98	11.45	18.08
	MSCI ACWI Materials Index	2.54	7.53	3.57	-2.75	7.45	11.38	-1.34
	MSCI ACWI Teleco. Services Index	5.41	7.97	19.46	5.90	7.57	10.46	19.55
	MSCI ACWI Utilities Index	3.25	1.71	8.12	-0.25	0.03	4.97	9.90

# Zenith Monthly Market Report

## 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	2.64	3.54	13.41	13.12	7.37	2.82	11.68
	FTSE E/N Australia	3.38	7.21	-0.16	8.50	6.15	2.04	-0.13
Global Listed Prop. \$A (H)	FTSE E/N Dev.	2.95	3.44	18.34	11.05	12.30	4.64	11.72
Global Listed Prop. (LC)	FTSE E/N North America	3.75	-1.82	4.78	12.48	13.86	-3.00	3.00
	FTSE E/N Euro Zone	3.97	5.45	11.84	5.91	13.11	8.95	8.60
	FTSE E/N UK	5.33	7.97	21.74	15.58	6.97	14.22	18.35
	FTSE E/N Developed Asia	-0.21	5.40	10.03	9.89	14.84	2.84	4.41
	FTSE E/N Japan	-2.17	10.39	37.01	17.26	11.02	6.81	25.70
Australian Listed Infra.	S&P/ASX 300 Utilities	1.09	4.03	17.23	14.00	11.44	6.98	10.63
Global Listed Infra. \$A (H)	UBS Global Infra. & Utilities	4.11	6.44	24.94	15.09	13.43	9.35	22.57
Global EM Listed Infra - \$A (H)	UBS EM Infra. & Utilities	3.96	2.84	14.74	0.58	4.38	5.86	11.60

### Summary of Statistics:

- The Australian property market posted positive returns in October, up 2.64% as measured by the S&P/ASX 300 Property Accumulation Index.
- Global listed property also did well, returning 2.95% for the month as measured by the FTSE EPRA NAREIT Developed Total Return (Hedged \$A) Index.
- The Japanese property market had a poor month, declining -2.17% as measured by FTSE EPRA NAREIT Japan (Local Currency) Index.
- Global listed infrastructure had another strong month, with the UBS Global Infrastructure and Utilities (Hedged \$A) Index ending the month 4.11% higher.

### Commentary:

The Australian property market had a positive month with the S&P/ASX 300 Property Index up by 2.64%. Top performers include Federation Centres Ltd and Australand Property Group, adding 6.06% and 5.95% respectively for the month. The growing domestic demand together with increasing number of foreign investors has boosted housing prices in Australia.

International listed property recorded gains in most regions, with the global benchmark index returning 2.95% for the month in \$A Hedged terms. The UK was the leading performer in October gaining 5.33% for the month as measured by FTSE EPRA NAREIT UK (Local Currency) Index. Japanese property market reversed its recent rally, recording a loss of -2.17% for the month.

Australian listed infrastructure continued to underperform the global index, gaining 1.09% for the month while the global equivalent added 4.11%.

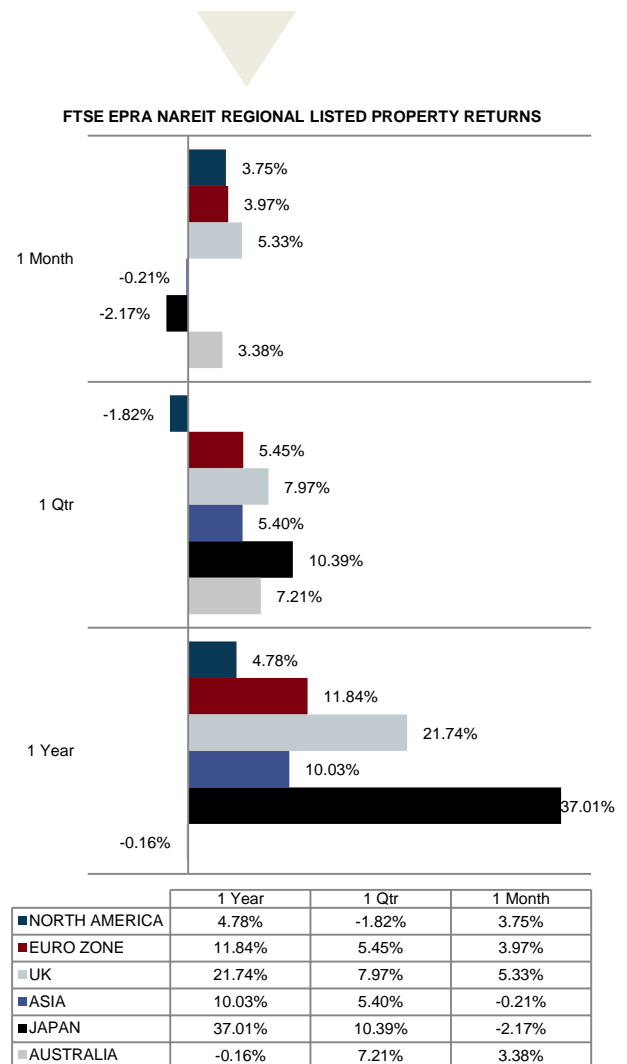
### Author:

Bei Cao

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(03) 9642 3320 Data source: Bloomberg

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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