

## 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	3.00	-0.50
	3 Month BBSW (%)	2.58	2.58	0.00	2.93	-0.35
	10 Year Bond Rate (%)	4.02	4.00	0.02	3.35	0.67
<b>Australian Shares</b>	All Ordinaries Index	5415.45	5205.10	4.04%	5120.38	5.76%
	S&P/ASX 200	5404.82	5190.00	4.14%	5104.08	5.89%
<b>Property</b>	ASX 300 Property Index	1006.40	974.70	3.25%	1025.40	-1.85%
<b>Regional Shares</b>	Dow Jones Industrials (US)	16321.71	15698.85	3.97%	14054.49	16.13%
	S&P 500 (US)	1859.45	1782.59	4.31%	1514.68	22.76%
	FTSE 100 (UK)	6809.70	6510.44	4.60%	6360.81	7.06%
	STOXX 50 (EUR)	338.02	322.52	4.81%	289.94	16.58%
	TOPIX (Japan)	1211.66	1220.64	-0.74%	975.66	24.19%
	Hang Seng (Hong Kong)	22836.96	22035.42	3.64%	23020.27	-0.80%
<b>Commodities</b>	US\$ Gold Price	1326.44	1244.55	6.58%	1579.58	-16.03%
	US\$ Oil Price – W Texas Crude	102.59	97.33	5.40%	94.09	9.03%
	US\$ CRB Spot Commodity Index	475.63	457.98	3.85%	477.73	-0.44%
<b>Exchange Rates</b>	AUD / USD	0.8924	0.8756	1.92%	1.0239	-12.84%
	AUD / EUR	0.6471	0.6492	-0.32%	0.7826	-17.31%
	AUD / GBP	0.5334	0.5326	0.15%	0.6743	-20.90%
	AUD / JPY	90.88	89.33	1.74%	94.58	-3.91%
	TWI	68.90	67.70	1.77%	77.40	-10.98%
<b>Volatility</b>	VIX Index %	14.00	18.41	-4.41%	15.51	-1.51%

### Key Points:

- The RBA kept the overnight cash rate steady at 2.50% during the February meeting. The rate was also left unchanged during the March sitting.
- Fixed income securities remained steady in February, with the Three Month Bank Bill Swap Rate unchanged at the price level of 2.58% while the 10 Year Australian Bond Rates rose by 0.02% to finish the month priced at 4.02%.
- Australian Shares had an overall positive month, with the All Ordinaries Price Index and the S&P/ASX 200 Price Index gaining 4.04% and 4.14%, respectively.
- Australian Listed Property followed the domestic equity market trend in February, with the S&P/ASX 300 Property Price Index rising by 3.25%.
- Many of the major global equities markets posted positive returns in February. Europe was the best performing region, with the STOXX 50 (EUR) Price Index and the FTSE 100 (UK) Price Index increasing by 4.81% and 4.60% respectively. However Japanese equities continued to slow over February, losing by -0.74%.
- Commodity prices had another positive month, with the US\$ CRB Spot Commodity Price Index gaining 3.85%. Gold made further progress to recover some of last year's losses, posting a gain of 6.58% in February. The US\$ Oil Price increased by 5.40% over the month, to bring its one year price 9.03% higher.
- The AUD rose slightly over the month against most major currencies. In particular, it appreciated by 1.92% against the US Dollar, 0.15% versus the British Pound and 1.74% against the Japanese Yen. On the flipside, the AUD depreciated by -0.32% versus the Euro.
- US equity market volatility declined by -4.41% for the month, ending February priced at 14.00%, as measured by the S&P VIX Index.

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	0.20	0.64	2.79	3.81	3.94	1.78	0.42
<b>Australian Bonds</b>	UBSA Australia Composite All Maturities	0.34	1.97	3.07	6.98	5.97	2.86	1.43
	Barclays Global: Australia TRI	0.20	1.92	1.43	6.54	4.79	1.77	1.46
	Barclays Australian Corporate TRI	0.56	1.89	5.40	8.29	7.45	4.41	1.51
<b>International Bonds</b>	Barclays Global Aggregate \$A (H)	0.67	1.99	4.14	8.03	8.50	4.66	2.36
	Barclays Global Agg Treasuries TRI \$A (H)	0.58	1.79	4.24	7.90	7.41	4.31	2.27
	Barclays Global Agg Corporate TRI \$A (H)	1.00	2.73	4.78	9.30	12.28	6.27	2.83
<b>Emerging Markets Debt</b>	Barclays EM Hard Currency Agg TRI \$A (H)	2.38	2.75	1.39	10.24	16.28	6.28	2.26

### Summary of Statistics:

- Australian Cash returned 0.20% in January, as measured by the UBSA Bank Bill Index, taking its one-year return to 2.79%.
- The Australian Bond Market had a positive month, rising 0.34%, as measured by the UBSA Australia Composite All Maturities Index. Within the asset class, Corporate Bonds was the stronger performer, gaining 0.56%, while Government Bonds increased by 0.20%.
- International Bonds posted a return of 0.67%, as measured by the Barclays Global Aggregate (Hedged) \$A Index. Within the asset class, Corporate Bonds continued to out-perform Government Bonds, to finish to month 1.00% higher.
- Emerging Markets Debt had a strong month, with the Barclays Emerging Market Hard Currency Aggregate Total Return Index \$A (Hedged) gaining 2.38% in February.

### Commentary:

The RBA elected to keep the overnight cash rate steady at 2.50% during the February meeting and similarly chose to keep the rate unchanged at the March sitting. The board restated that the global economic growth was a bit below prior years' trend levels in 2013, but there have been signs of recovery in recent months with reasonable prospects of further expansions during 2014. Most macroeconomic indicators suggest that developed countries, typically in the US, Japan and Eurozone, have strengthened while Emerging Markets remained challenged.

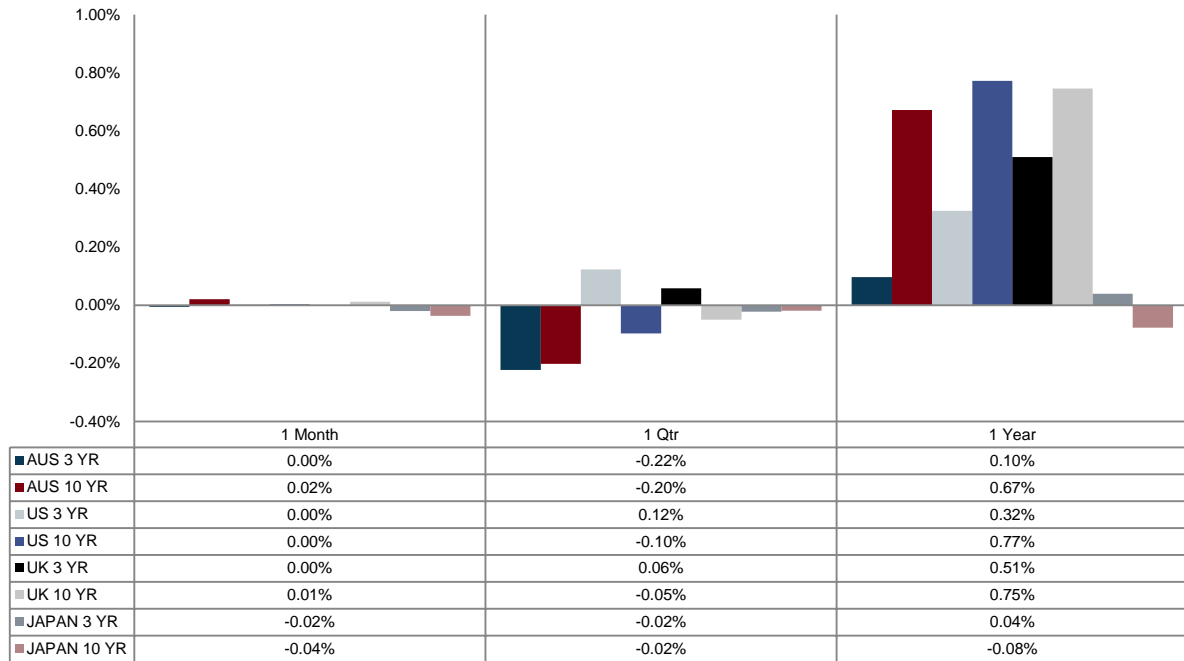
In contrast to the instability created in bond markets at start of 2013, when the Fed first announced its tapering plans, the actual reduction in asset purchases in December last year and January this year had little impact on bond yields. In fact International Bonds rose by 0.67% in February, as measured by the Barclays Global Aggregate \$A (Hedged) Index.

Corporate Bonds again led the gains over the month, outperforming treasuries by 0.42%. While government bond yields were largely unchanged, credit spreads narrowed over the course of the month. Initially, credit spread volatility widened in first half of February, on the back of increased emerging market volatility. In second half of the month, spreads tightened as volatility quietened down. By the end of February, emerging markets debt recovered some losses from previous months, with the Barclays EM Hard Currency Aggregate Total Return Index \$A (Hedged) recording a gain of 2.38% for the month to bring its one year return back to a positive read of 1.39%.

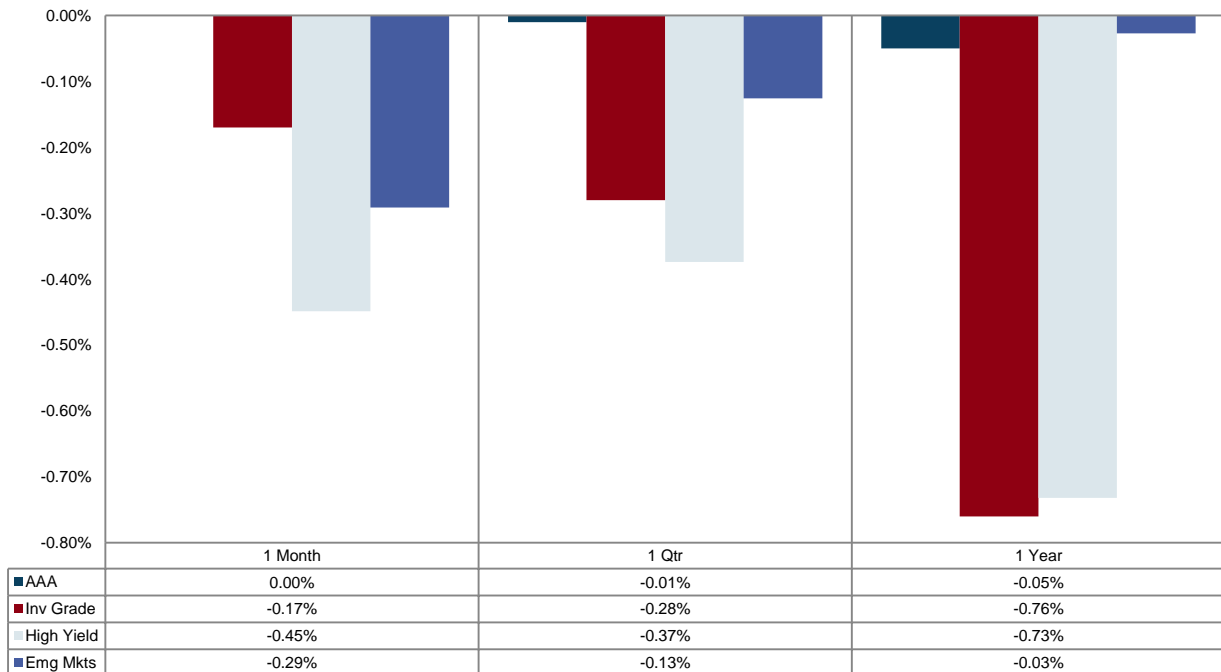
Back in Australia, a mix of economic data has been released over the past month. Inflation rose slightly in recent months while the unemployment rate continued to edge higher. On the positive side, business and consumer confidence have increased over recent months and the housing market has been expanding at a solid pace. Although investments in the resources sector continued to decline, investments outside of mining are gradually picking up at a slow rate.

Australian Bonds generated a gain of 0.34% for the month, with Corporate Bonds continued to outperform Government Bonds. Over the past year, the Barclays Australian Corporate Total Return Index expanded by 5.40% while the Barclays Global Australia Total Returns Index increased by 1.43%. Australian corporate debt spreads tightened for the month, with the iTraxx Australian Index (represents the performance of 25 Australia investment grade companies) falling from 1.06% in January to 1.02% in February, indicating a small spread compression. Although many companies reported optimistic messages, they kept conservative balance sheets and remain cautious with expansion plans until the growth outlook firms.

GOVERNMENT BONDS - CHANGE IN YIELDS



Global Corporate Debt - Change in Spreads



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	4.92	2.61	10.19	8.22	14.92	16.01	1.77
	S&P/ASX 50 Leaders Index	4.66	1.96	11.55	10.11	15.49	15.64	1.51
	S&P/ASX Midcap 50 Index	7.04	6.69	10.14	4.44	13.59	18.60	3.83
	S&P/ASX Small Ordinaries Index	4.97	4.68	-3.62	-5.04	11.16	17.09	2.08
	S&P/ASX Emerging Companies Index	0.95	1.14	-13.95	-15.27		22.06	1.79
<b>GICS Sectors</b>	S&P/ASX 300 Materials	4.92	5.44	0.89	-6.97	7.72	26.67	3.03
	S&P/ASX 300 Industrials	4.08	4.53	6.11	6.96	17.17	15.89	1.87
	S&P/ASX 300 Consumer Discretionary	6.99	4.09	25.56	14.07	20.12	21.52	2.17
	S&P/ASX 300 Consumer Staples	5.09	3.44	5.37	15.51	17.53	9.45	1.87
	S&P/ASX 300 Energy	6.21	5.46	3.11	-3.49	5.36	13.25	2.13
	S&P/ASX 300 Healthcare	2.91	4.44	19.43	21.43	14.62	15.31	3.18
	S&P/ASX 300 Information Technologies	6.39	4.31	10.08	8.68	14.27	13.80	3.61
	S&P/ASX 300 Telecommunications	2.53	4.84	21.22	35.17	21.34	15.40	0.55
	S&P/ASX 300 Financials ex Property	5.96	0.06	20.13	19.54	24.75	18.53	1.05
	S&P/ASX 300 Utilities	5.65	7.69	9.27	17.81	15.52	12.01	6.44
	S&P/ASX 300 Property	4.31	3.45	3.97	11.51	16.12	3.45	4.74

### Summary of Statistics:

- Australian equities had a positive month, with the S&P/ASX 300 Accumulation Index rising by 4.92%.
- On a market capitalisation basis, the Midcap 50 Index generated most of the gains, returning 7.04% for the month. The S&P / ASX Emerging Companies Index increased by 0.95% in February, to underperform the broader Australian equities market by 3.97%.
- On a sector basis, Consumer Discretionary was the leading performer in February, with the S&P/ASX 300 Consumer Discretionary Index recording a gain of 6.99%.
- Telecommunications was the weakest performer in February, yet still generated a gain of 2.53% as measured by the S&P/ASX 300 Telecommunications Index.

### Commentary:

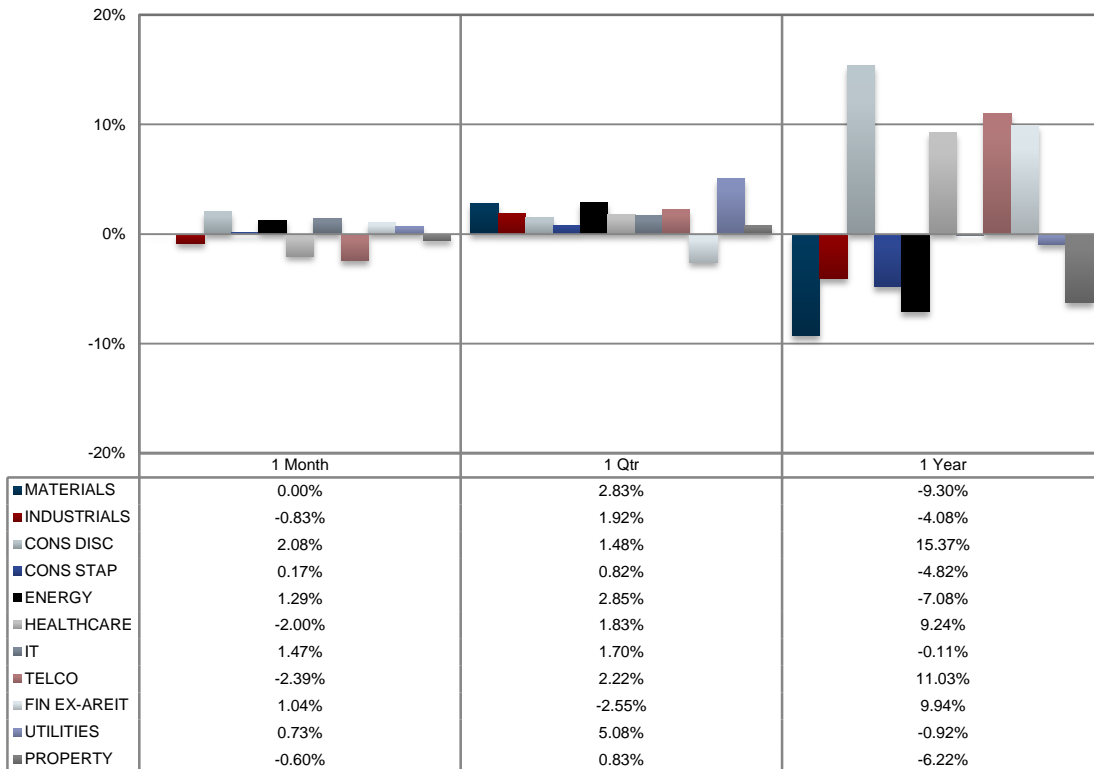
Australian equities performed well in February, with the S&P/ASX 300 Accumulation Index recording a gain of 4.92% for the month. During a solid corporate earnings season in February, Australian shares rebounded from a sharp fall of 3 percent in January. However profit growth was largely driven by cost reductions instead of improved sales, reported by many companies. This is consistent with recent economic data, which indicated more jobs lost in February and further reduction in new motor vehicle sales. On the positive side, the housing market continued to expand over the month, enjoying the historically low interest rate and more building approvals.

Leading the gains in February were mid-sized companies, with the S&P/ASX Midcap 50 Index soaring 7.04% for the month. Few examples of top performing Midcap companies in February include: Aurora Oil & Gas Ltd (53.11%), Seek Ltd (37.87%), Boral Ltd (18.75%) and Carsales.com Ltd (17.63%). Over the past year while mid and large sized companies have reported more than 10 percent gains, smaller companies have underperformed, with the Small Ordinaries Index and the Emerging Companies Index losing by -3.62% and -13.95% respectively.

One of the sectors that got the worst hit in January, Consumer Discretionary, became the best performer in February with a gain of 6.99%. Two media companies, APN News & Media Ltd and Fairfax Media Ltd stood out, surging by 47.90% and 44.05% respectively. The Financials sector (ex-Property) also performed well in February, increasing by 5.96% for the month. QBE Insurance Group Ltd, which had reported large losses in the past year, showed some signs of recovery in February with a gain of 11.58%.

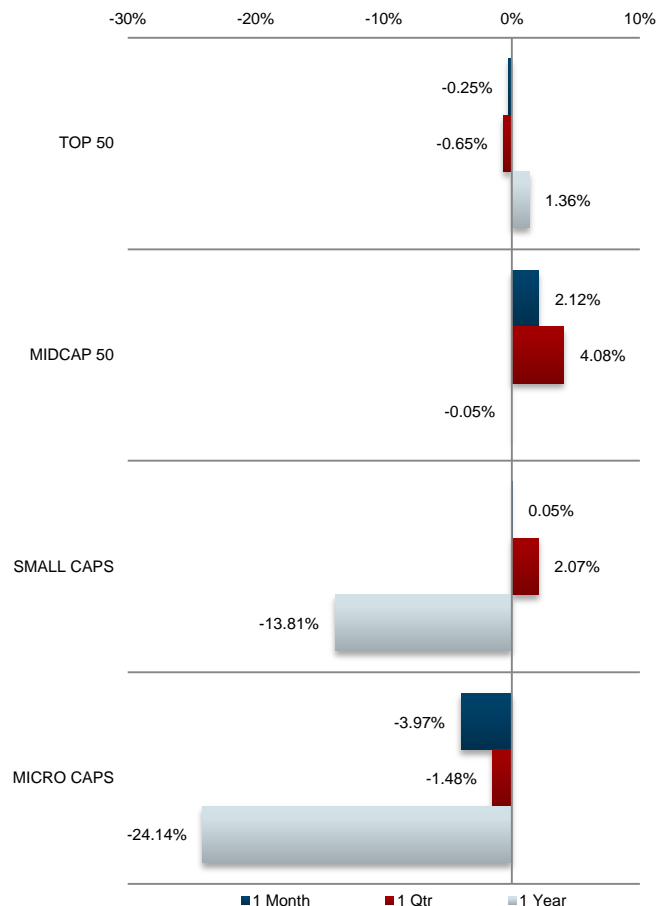
The weakest performer in February was the lower beta telecommunications sector (2.53%), as political uncertainty still reigns on the makeup of the NBN. The biggest detractor in this sector was Newsat Ltd, losing -4.30% for the month.

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 January 2014 were as follows: Materials 17%; Industrials 7%; Consumer Discretionary 5%; Consumer Staples 8%; IT 1%; Telecommunication Services 5%; Financials ex-AREIT 37%; Property 7%; Energy 6%; Utilities 2%; Healthcare 5%.



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)	2.30	5.56	40.38	14.86	12.07	21.01	1.07
	MSCI World (\$A)	2.38	5.45	39.21	14.64	12.16	20.84	1.09
	MSCI Small Cap World Ex Aus (\$A)	2.63	7.98	46.63	16.58	18.06	26.68	3.27
	MSCI AC World (\$A)	1.40	4.43	36.06	14.46	10.28	17.83	0.47
<b>International Shares - Local Currency</b>	MSCI World ex-Au (Local Currency)	4.19	2.97	21.97	10.71	18.50	16.36	0.80
	MSCI World (Local Currency)	5.01	3.26	21.68	9.81	19.98	18.13	1.12
	MSCI World S. Cap ex-Au (Loc. Curr.)	5.26	5.74	28.17	11.66	26.29	23.84	3.30
	MSCI AC World (Local Currency)	4.00	2.26	18.92	9.63	17.97	15.19	0.49
<b>Regional Shares - Local Currency</b>	MSCI North America	4.56	3.89	24.06	12.69	21.53	17.59	1.27
	MSCI Asia	1.26	-3.06	12.79	6.37	13.62	7.28	-4.21
	MSCI AC Asia ex-Japan	2.90	-2.20	2.41	3.61	16.74	7.50	-1.35
	MSCI China	2.58	-7.43	-0.71	0.46	13.72	11.56	-4.16
	MSCI Europe	4.85	3.49	17.51	7.85	15.86	17.41	2.49
	MSCI Emerging Markets	2.16	-3.34	0.58	2.22	15.15	6.16	-2.38
	MSCI India	2.31	1.95	12.02	6.69	20.72	8.50	-0.30
	MSCI Japan	-0.46	-3.90	26.39	10.27	12.04	7.20	-7.14
<b>Global Gold Shares in \$A</b>	FTSE Gold Mines	7.17	19.57	-22.83	-21.77	-12.77	13.03	20.93
<b>Global Resources in \$A</b>	HSBC Global Mining	3.67	7.34	-0.69	-11.84	4.43	22.08	3.66

### Summary of Statistics:

- International Shares posted positive returns in February, with the MSCI World ex-Australia (Local Currency) Index increasing by 4.19%. The unhedged equivalent in AUD added 2.30% for the month, slightly impacted by the rising Australian Dollar.
- On a regional basis, Japan was again the worst performer, losing by -0.46% for the month as measured by the MSCI Japan (Local Currency) Index.
- North America and Europe led the gains in February, with the MSCI North America (Local Currency) Index and the MSCI Europe (Local Currency) Index rising by 4.56% and 4.85% respectively.
- Gold stocks enjoyed another strong month, with the FTSE Gold Mines (\$A) Index returning 7.17%

### Commentary:

International shares rebounded in February, partly recovered losses from previous month. US released better than expected economic data in February and the Eurozone business sentiment has also improved. Driven by this renewed confidence, North America and Europe posted strong returns in February, adding 4.56% and 4.85% respectively.

Japanese equities were notably weaker in February (-0.46%), ahead of planned sales tax increase in April. Notwithstanding this, the Japanese equity market has done well over the past 12-months, posting a total gain of 26.39% as measured by the MSCI Japan (Local Currency) Index.

The rising Ukraine situation promoted more sell offs in emerging markets, which couldn't happen at a worse time as the US "tapering" as already created some fears in the developing countries. Chinese manufacturing data continued to weaken over the month, with the China HSBC Manufacturing Index falling to a seven-month low of 48.5 in February (a number above 50 signifies expansion while below 50 signifies contraction).

With the release of weaker manufacturing data over the month, the MSCI China (Local Currency) Index has underperformed the MSCI World (Local Currency) Index by 2.43%. Over the past year China and its emerging market peers have been the worst performers, returning by -0.71% and 0.58% respectively, while equities in developed countries were recording more than 10 percent gains.

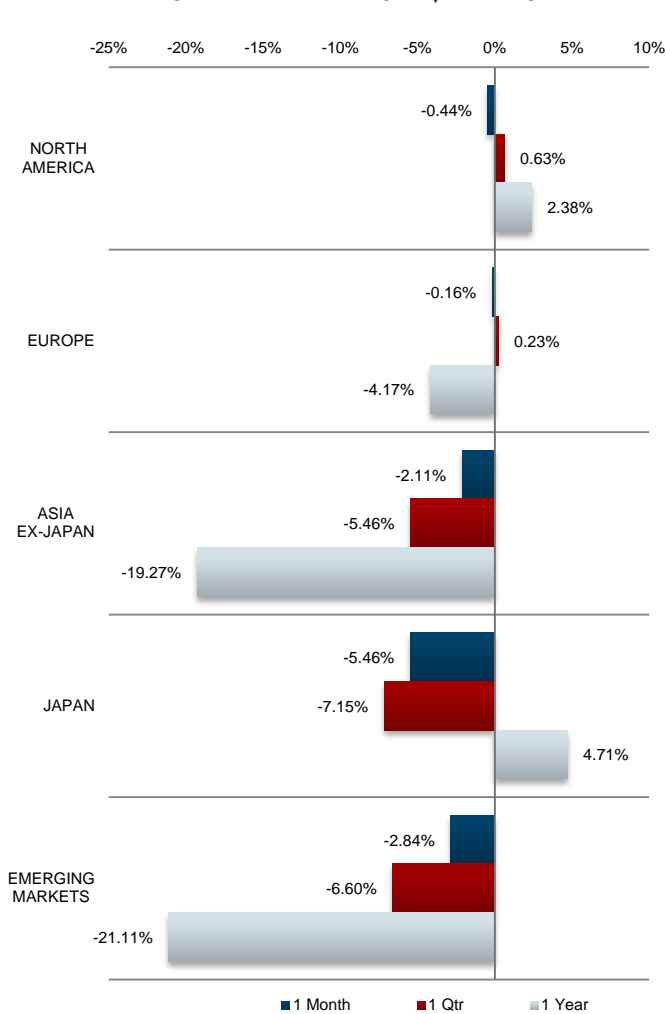
As with the Australian market, telecommunications was also the worst performing sector globally, returning 0.91% for the month. Global resources had another strong month, with the HSBC Global Mining Index (\$A) gaining 3.67% while the FTSE Gold Mines Index (\$A) adding 7.17% for the month.

## Zenith Monthly Market Report International Shares

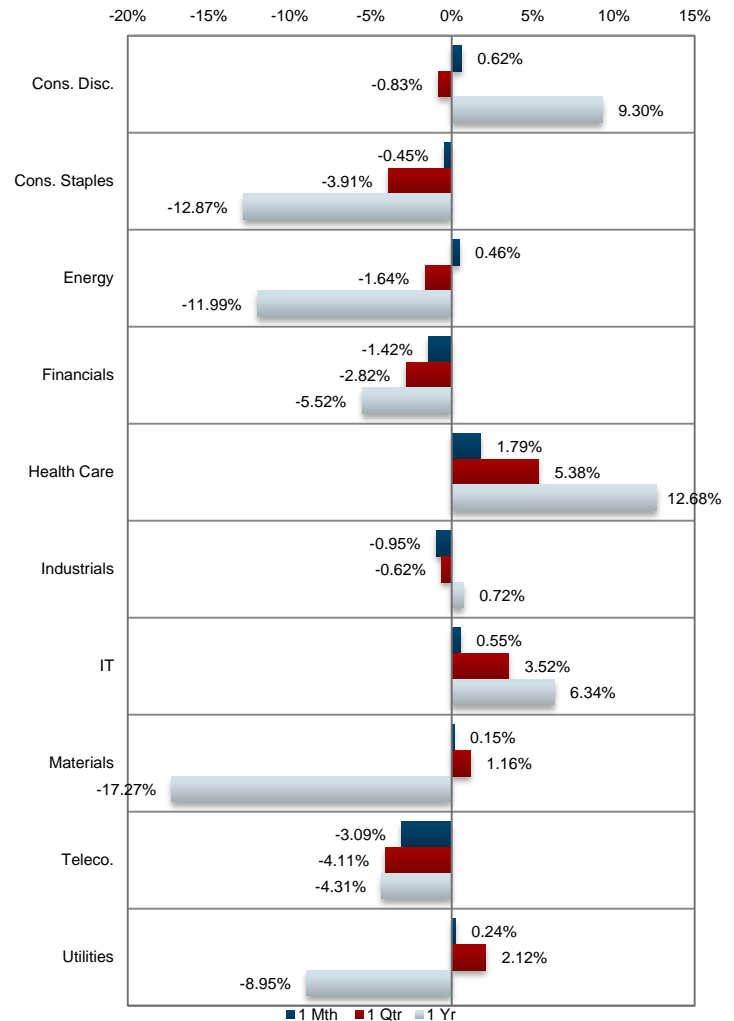
Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Currency Spot Rates	AUD / USD	1.92	-2.02	-12.84	-4.29	6.91	-2.34	-0.03
	AUD / EUR	-0.32	-3.45	-17.31	-4.28	5.12	-7.89	-0.05
	AUD / GBP	0.15	-4.15	-20.90	-5.21	3.63	-11.21	-1.01
	AUD / JPY	1.74	-2.59	-3.91	2.95	7.83	0.31	-3.26

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



### 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	4.62	1.43	28.23	15.20	24.18	16.94	-0.43
Local Currency	MSCI ACWI Consumer Staples Index	3.55	-1.65	6.06	11.30	14.67	3.75	-1.84
	MSCI ACWI Energy Index	4.46	0.61	6.94	-1.16	9.41	9.78	-1.16
	MSCI ACWI Financials Index	2.58	-0.56	13.40	4.73	16.29	11.34	-1.37
	MSCI ACWI Health Care Index	5.79	7.63	31.60	19.89	18.34	21.27	6.91
	MSCI ACWI Industrials Index	3.05	1.64	19.65	7.81	18.79	17.38	-1.23
	MSCI ACWI IT Index	4.55	5.78	25.26	10.17	19.95	21.86	1.93
	MSCI ACWI Materials Index	4.15	3.41	1.65	-4.71	10.82	15.03	1.26
	MSCI ACWI Teleco. Services Index	0.91	-1.86	14.62	4.90	8.31	8.63	-3.57
	MSCI ACWI Utilities Index	4.24	4.37	9.97	0.24	3.27	7.99	4.37

# 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	4.31	3.45	3.97	11.51	16.12	3.45	4.74
	FTSE E/N Australia	4.91	0.75	-12.66	4.10	15.78	-3.76	5.12
Global Listed Prop. \$A (H)	FTSE E/N Dev.	3.65	4.57	7.68	9.70	21.92	6.71	3.77
Global Listed Prop. (LC)	FTSE E/N North America	2.54	7.54	-0.02	9.23	27.11	-1.04	8.42
	FTSE E/N Euro Zone	6.66	2.78	11.25	6.20	16.74	11.67	4.64
	FTSE E/N UK	6.06	13.31	38.50	16.34	24.87	30.01	11.56
	FTSE E/N Developed Asia	-1.92	-6.94	-11.17	5.33	18.40	-6.98	-5.41
	FTSE E/N Japan	-6.90	-9.91	3.35	7.50	16.99	-5.06	-11.99
Australian Listed Infra.	S&P/ASX 300 Utilities	5.65	7.69	9.27	17.81	15.52	12.01	6.44
Global Listed Infra. \$A (H)	UBS Global Infra. & Utilities	4.73	6.31	21.73	14.29	18.03	15.10	4.67
Global EM Listed Infra - \$A (H)	UBS EM Infra. & Utilities	0.13	-2.21	4.65	1.23	3.98	4.50	-3.64

### Summary of Statistics:

- The Australian Property Market did well in February, up 4.31% as measured by the S&P/ASX 300 Property Accumulation Index.
- Australian listed infrastructure also posted strong returns in February, recording a gain of 5.65% as measured by the S&P/ASX 300 Utilities Index.
- Global listed property had an overall positive month, with the FTSE EPRA NAREIT Developed Total Return (Hedged \$A) Index increasing by 3.65%.
- Global listed infrastructure recorded a gain of 4.73%, as measured by the UBS Global Infrastructure and Utilities (Hedged \$A) Index.

### Commentary:

Following a positive trend in the broad equity market, listed REITs performed well both in Australia as well as internationally.

In the S&P/ASX 300 Property Index, top performers include Shopping Centres Australasia Property Group (9.43%), Charter Hall Group (8.36%) and Dexus Property Group (7.54%). While Australian residential housing has been growing with the help of low interest rate, commercial properties (in office buildings and large shopping centre investments) have made some recoveries in February with the help of dropping vacancy rates in major cities.

In regional property market, Europe posted 6.66% for the month to be the strongest performer while recorded a loss of -6.90%, to be the worst performer in February.

Further down the risk spectrum, emerging market listed infrastructure gained 0.13%, to underperform their global peers by 4.60%.

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This chart shows Regional performance relative to the FTSE EPRA/NAREIT Index over 1 month, 1 quarter and 1 year time periods. Regional weightings for the FTSE Index, as at 31 May 2010 were as follows: North America 46%; Europe ex-UK 10%; UK 5%; Asia ex-Japan 20%; Japan 10%; Australia 9%.

