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
Interest Rates	Overnight Cash Rate (%)	2.75	3.00	-0.25	3.75	-1.00
	3 Month BBSW (%)	2.99	2.99	0.00	2.72	0.27
	10 Year Bond Rate (%)	3.36	3.09	0.27	2.92	0.44
Australian Shares	All Ordinaries Index	4914.03	5168.60	-4.93%	4133.73	18.88%
	S&P/ASX 200	4926.57	5191.22	-5.10%	4076.26	20.86%
Property	ASX 300 A-REITS Index	1039.60	1080.10	-3.75%	842.10	23.45%
Regional Shares	Dow Jones Industrials (US)	15115.57	14839.80	1.86%	12393.45	21.96%
	S&P 500 (US)	1630.74	1597.57	2.08%	1310.33	24.45%
	FTSE 100 (UK)	6583.09	6430.12	2.38%	5320.86	23.72%
	STOXX 50 (EUR)	300.88	296.72	1.40%	239.73	25.51%
	TOPIX (Japan)	1135.78	1165.13	-2.52%	719.49	57.86%
	Hang Seng (Hong Kong)	22392.16	22737.01	-1.52%	18629.52	20.20%
Commodities	\$US Gold Price	1387.92	1476.75	-6.02%	1560.43	-11.06%
	\$US Oil Price – W Texas Crude	91.97	93.46	-1.59%	86.53	6.29%
	\$US CRB Spot Commodity Index	472.94	478.34	-1.13%	472.32	0.13%
Exchange Rates	AUD / USD	0.96	1.04	-7.69%	0.97	-1.68%
	AUD / EUR	0.74	0.79	-6.54%	0.79	-6.48%
	AUD / GBP	0.63	0.67	-5.62%	0.63	-0.25%
	AUD / JPY	96.17	101.12	-4.90%	76.31	26.02%
	TWI	74.00	78.40	-5.61%	73.60	0.54%
Volatility	VIX Index %	16.30	13.52	2.78%	24.06	-7.76%

Key Points:

- The RBA announced a 25 basis point (bp) rate cut following its May meeting, setting the overnight cash rate to 2.75%. This rate was kept steady during the June meeting.
- The 3 Month Bank Bill Swap rate was unchanged at month end, being priced at 2.99%
- The 10 Year Bond rate rose by 27bp to end the month priced at 3.36%.
- Australian Equities recorded heavy declines in May, with the price of the ASX All Ordinaries Index falling by 4.93% while the S&P / ASX 200 Price Index fell by 5.10%.
- Australian Listed Property declined by 3.75% yet still managed to outperform the broader ASX 200 Index by 1.35%.
- Many of the major regional equities markets posted strong results in May, with the FTSE 100 Price Index (UK) posting the strongest gain of 2.38% while the S&P 500 Index (US) gained 2.08%.
- The TOPIX (Japan) and the Hang Seng Index (Hong Kong) were the poorest performers for the month, posting returns of -2.52% and -1.52% respectively.
- Commodities prices continued to fall, with the gold price declining by 6.02% (in \$US terms) and the \$US Oil Price falling by 1.59%. Overall, commodities declined by 1.13% for the month as measured by the CRB Spot Commodity Index (\$US).
- Following the May interest rate cut by the RBA, the desirability of the Australian Dollar waned triggering a sell off. The worst declines were recorded against the USD, down 7.69%, and the Euro, falling by 6.54%.
- Overall, the Dollar declined by 5.61% as measured by the Trade Weighted Index.
- US equity market volatility increased with the VIX Index gaining 2.78% to end the month priced at 16.30.

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
Australian Cash	UBSA Bank Bill	0.26	0.77	3.33	4.38	4.55	3.04	1.26
Australian Bonds	UBSA Australia Composite All Maturities	-0.07	1.26	3.69	7.70	8.12	3.86	1.63

Summary of Statistics:

- Australian Cash gained 0.26% in May, as measured by the UBSA Bank Bill Index, bringing the total gain over the past twelve months to 3.33%.
- Australian Bonds recorded a slight loss in May ending the month 0.07% lower, as measured by the UBSA Australia Composite All Maturities Index, to bring the total return over the past twelve months to 3.69%.

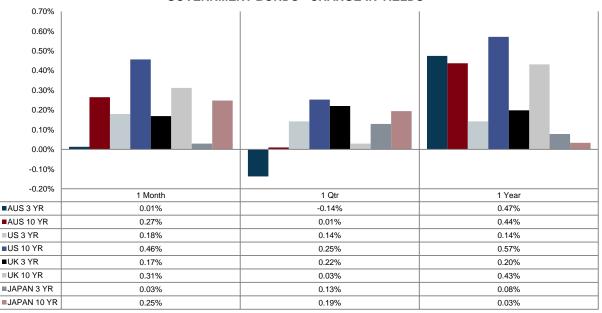
Commentary:

The RBA elected to lower the overnight cash rate during its May sitting, reducing it by 25bp to a fifty year low of 2.75%. RBA Governor, Glenn Stevens, explained that the motive behind this change was strongly driven by recent statistics showing a supressed inflation outlook. Economic data in Australia released during May showed retail sales, building approvals as well as consumer and business confidence declining while the National House Price Index increased, however the gain was lower than anticipated.

Jobs and manufacturing data in the United States both continued to show positive signs during May while housing prices also continued to recover. With economic conditions improving in the United States, the chairman of the Federal Reserve, Ben Bernanke, announced that the purchase of long term treasury securities and agency mortgage backed securities, which currently stand at approximately \$85 billion per month, may start to be wound back. The lower demand for treasury securities would result in a price decline of fixed income securities and consequently lead to a rise in yields. US Treasury yields gained 0.18% and 0.46% over 3 and 10 years respectively as a result.

Given the relative strength of Australian treasury securities in the world's developed economies, this announcement also had a significant effect on Australian bonds and currency. With US treasury yields expected to rise in price, Australian sovereign bonds became relatively less attractive which resulted in a selloff of Australian fixed income securities and therefore currency. The Australian/US Dollar cross rate subsequently fell by 7.69% for the month.

Japanese government bonds continued to decline as President, Shinzo Abe, persists with the radical monetary easing policy. Sovereign bond yields gained 0.03% over three year maturities and 0.25% for ten year maturities.



GOVERNMENT BONDS - CHANGE IN YIELDS

Zenith Monthly Market Report

Australian Shares

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Market Capitalisation	S&P/ASX 300 Index	-4.54	-2.68	25.57	8.16	1.59	24.90	7.57
	S&P/ASX 50 Leaders Index	-4.75	-1.78	29.91	9.50	3.05	27.91	9.12
	S&P/ASX Midcap 50 Index	-3.22	-3.13	16.13	4.73	-1.99	19.93	6.69
	S&P/ASX Small Ordinaries Index	-3.82	-11.34	-2.91	-0.81	-6.52	1.97	-6.82
	S&P/ASX Emerging Companies Index	-5.89	-21.84	-28.29	-7.01		-22.45	-19.88
GICS Sectors	S&P/ASX 300 Materials	2.19	-11.19	-1.42	-3.81	-7.06	2.20	-10.09
	S&P/ASX 300 Industrials	-4.33	-5.84	12.88	7.71	-0.87	18.45	5.73
	S&P/ASX 300 Consumer Discretionary	-2.97	4.67	36.79	8.76	3.24	37.75	21.24
	S&P/ASX 300 Consumer Staples	-9.00	-3.57	35.15	16.74	11.02	33.39	11.61
	S&P/ASX 300 Energy	2.06	-2.59	8.02	-0.12	-4.55	15.11	8.52
	S&P/ASX 300 Healthcare	-0.60	2.22	43.94	19.40	9.66	40.43	10.73
	S&P/ASX 300 Information Technologies	4.57	3.97	42.90	4.82	5.14	45.12	19.94
	S&P/ASX 300 Telecommunications	-4.85	4.02	46.69	31.71	11.64	41.60	13.75
	S&P/ASX 300 Financials ex Property	-7.61	1.01	48.66	16.53	11.04	41.80	17.13
	S&P/ASX 300 Utilities	-4.68	-0.02	17.83	17.81	4.88	18.97	5.99
	S&P/ASX 300 Property	-3.66	1.51	30.58	13.45	-1.69	25.15	9.70

Summary of Statistics:

- Australian equities posted a reversal in May, with the S&P/ASX 300 Accumulation Index declining by 4.54% for the month.
- The S&P/ASX 50 Leaders was the poorest performer on a market capitalisation basis, declining by 4.75% in May to bring the accumulated loss for the quarter to 1.78%.
- The S&P/ASX Midcap 50 Index was the strongest performer on a market capitalisation basis, outperforming the broader market by 0.72% in May yet still posting a return of -3.22% for the month.
- On a sector basis, Information Technologies was the standout performer gaining 4.57% for the month. Materials and Energy also posted positive returns, gaining 2.19% and 2.06% respectively, to halt their recent downward trend.
- Consumer Staples and Financials ex-Property were the worst performing sectors in May declining by 9.00% and 7.61% respectively.

Commentary:

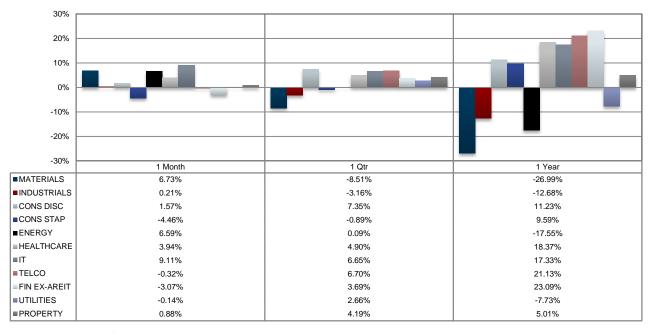
Australian equities recorded a significant decline during May, with the S&P/ASX 300 Accumulation Index falling by 4.54% for the month to eliminate all gains from the past quarter and end the period down 2.68%. The most significant drag on performance was the S&P/ASX 50 Leaders Index which fell by 4.75% for the month.

Following the 25bp cash rate cut at the beginning of May, the Australian dollar fell as foreign investors redeemed high yielding fixed income securities due to the reduction in their real returns. The decline of the Australian dollar was compounded by the governor of the US Federal Reserve, Ben Bernanke, when he indicated that the latest round of quantitative easing could start to be scaled back as soon as June 2013. Many foreign investors subsequently cashed out on their positions in large cap Australian equities as the strong dividends these companies were offering became relatively less appealing.

On a sector basis, Information Technologies was the strongest performer, gaining 4.57%, while the Materials and Energy sectors reversed their recent downward trend to end the month with gains of 2.19% and 2.09% respectively. Leading the expansion in the IT sector were CSG and Computershare, which posted respective gains of 13.70% and 12.69% for the month. While in the Materials sector Iluka Resources was the strongest performer, up 25.59% for the month, after announcing that they may spin off their iron ore royalties. Orocobre and Intrepid Mines also outperformed in the Materials space, gaining 25.00% and 22.64% respectively.

At the other end of the scale, Consumer Staples was the poorest performing sector, declining by 9.00% for the month. Coca Cola Amatil was the worst hit, falling 14.80% following an earnings downgrade, while Wesfarmers and Woolworths posted significant losses too, losing 9.52% and 9.37% respectively after both companies issued profit warnings on some of their core businesses.





GICs SECTOR PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX

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

-30% -20% -10% 0% 10% -0.21% TOP 50 0.90% 4.34% 1.32% MIDCAP 50 -0.45% -9.44% 0.72% SMALL CAPS -8.66% -28.47% -1.35% MICRO CAPS -19.16% 1 Qtr 1 Month 1 Year

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%.

This chart shows market capitalisation

segmental performance relative to the

ASX 300 Index.

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
International Shares -	MSCI World Ex-Au (\$A)	8.84	13.38	29.30	8.40	1.36	30.10	20.84
Unhedged	MSCI World (\$A)	8.31	12.76	29.26	8.40	1.40	29.98	20.38
	MSCI Small Cap World Ex Aus (\$A)	9.38	12.95	30.76	9.65	5.06	33.38	22.21
	MSCI AC World (\$A)	9.74	13.33	29.19	6.79	1.93	31.26	21.90
International Shares -	MSCI World ex-Au (Local Currency)	1.68	7.43	29.80	12.56	2.25	24.33	14.69
Local Currency	MSCI World (Local Currency)	0.04	5.61	27.77	13.34	1.51	21.57	11.17
	MSCI World S. Cap ex-Au (Loc. Crncy)	1.02	5.78	29.25	14.65	5.18	24.75	12.86
	MSCI AC World (Local Currency)	1.36	6.14	27.70	11.66	2.04	22.77	12.57
Regional Shares -	MSCI North America	2.04	7.16	25.15	15.06	4.16	20.71	13.90
Local Currency	MSCI Asia	-0.89	7.79	35.62	8.97	-0.83	30.00	15.21
	MSCI AC Asia ex-Japan	0.28	0.10	17.53	7.96	2.81	15.05	2.16
	MSCI China	-0.85	-4.23	15.42	2.54	-1.03	13.15	-4.15
	MSCI Europe	2.51	5.39	31.69	9.35	1.19	25.07	11.74
	MSCI Emerging Markets	0.80	-0.18	14.18	6.66	1.05	11.79	0.21
	MSCI India	1.76	5.13	23.48	5.35	4.31	15.62	1.58
	MSCI Japan	-2.21	17.79	62.66	11.04	-2.75	52.04	33.77
Global Gold Shares in A\$	FTSE Gold Mines	6.34	-17.80	-33.36	-21.16	-9.22	-29.96	-30.01
Global Resources in A\$	HSBC Global Mining	6.11	-8.78	-6.60	-10.15	-10.51	-5.17	-14.51

Summary of Statistics:

- International shares had a positive month in May with most of the major regional equities markets posting positive returns. The MSCI World ex-Australia Index (Local Currency) posted a gain of 1.68% while the Unhedged Australian Dollar Index gained 8.84%.
- European stocks were the strongest performers overall, with the MSCI Europe Index gaining 2.51% for the month in local currency terms. North American stocks also performed well, continuing their recent rally to end the month 2.04% higher, as measured by the MSCI North America Index (Local Currency).
- Japanese equities posted a correction in May, with the MSCI Japan Index declining by 2.21% in local currency terms, to end the quarter 17.79% higher.
- Global small cap stocks continued their recent rally, with the MSCI World Small Cap ex-Australia Index gaining 1.02% in local currency terms while the unhedged index gained 9.38%.
- Global resources stocks reversed their recent trend to gain 6.11% for the month, as measured by the HSBC Global Mining Index (Unhedged \$A).

Commentary:

Investors went into 'Risk On' mode during May, commencing a large scale buy up of global equities due to a combination of improving global economic stability and the low real returns offered on fixed income assets. The MSCI World ex-Australia Index subsequently gained 8.84% in unhedged Australian dollar terms while the local currency index added 1.68%. The MSCI All Countries World Index, which includes equities markets in developed and emerging countries, rallied 9.74% for the month in unhedged terms while the local currency equivalent gained 1.36%.

Economic data in the United States leading up to May has mainly been positive and continued to show strong signs of stability during the month. Wage patterns continued to trend upwards while the improvement in the unemployment rate surpassed analyst expectations. US Treasury Secretary Jack Lew added further confidence to investors by confirming that the government will continue to strongly tackle these major structural issues for the foreseeable future. Retail sales and new home sales also improved in a major boost to consumer confidence. US Equities subsequently posted strong returns, with the S&P 500 Price Index gaining 2.08% and the Dow Jones Industrial Index rallying 1.86%.

European equities also posted positive results, with the MSCI Europe Index gaining 2.51% in local currency terms while the Euro STOXX 300 Index gained 3.22% for the month. Driving these gains has been an improved employment market in the Eurozone which has buoyed investor confidence.

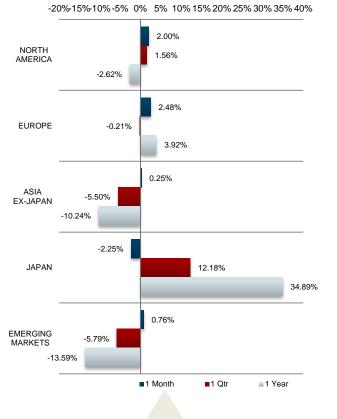
On a sector basis, the MSCI ACWI Consumer Discretionary Index (Local Currency) was the strongest performer, gaining 3.65% for the month. The MSCI ACWI Utilities Index was the poorest performer, declining by 5.35% for the month in local currency terms.

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	-7.69	-6.52	-1.68	4.31	0.02	-6.51	-7.82	
	AUD / EUR	-6.54	-5.90	-6.48	2.40	3.68	-8.91	-6.41	
	AUD / GBP	-5.62	-6.61	-0.25	2.76	5.44	-3.39	-1.49	
	AUD / JPY	-4.90	1.68	26.02	7.77	-0.94	17.72	6.97	

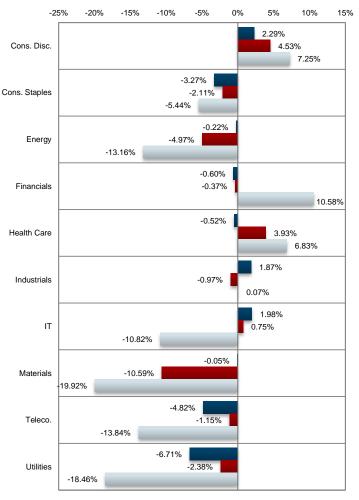
Investors should note that investments in any international assets are subject to the risk of currency fluctuations. If a foreign investment is unhedged, the gain / loss from the relevant currency pair should be deducted from the return of the asset to calculate the approximate return of the investment.

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



■1 Mth ■1 Qtr ■1 Yr

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	3.65	10.66	34.95	16.56	6.99	32.55	18.47
Local Currency	MSCI ACWI Consumer Staples Index	-1.91	4.03	22.26	14.08	7.10	18.13	12.95
	MSCI ACWI Energy Index	1.14	1.17	14.54	6.22	-4.80	10.14	5.30
	MSCI ACWI Financials Index	0.76	5.76	38.28	6.29	-4.63	30.92	13.22
	MSCI ACWI Health Care Index	0.84	10.06	34.53	16.55	7.91	27.67	19.86
	MSCI ACWI Industrials Index	3.23	5.16	27.77	9.87	-0.80	24.17	13.25
	MSCI ACWI IT Index	3.33	6.88	16.88	10.29	2.51	14.05	10.17
	MSCI ACWI Materials Index	1.31	-4.45	7.77	-0.05	-6.88	5.42	-4.22
	MSCI ACWI Teleco. Services Index	-3.46	4.99	13.86	7.01	-1.57	7.71	7.69
	MSCI ACWI Utilities Index	-5.35	3.76	9.24	0.83	-6.40	4.09	6.67

Zenith Monthly Market Report Property & Infrastructure

5 Yr 3 Yr Fin Cal 1 Mth 1 Qtr 1 Yr **Zenith Benchmarks** (p.a.) YTD YTD Index (p.a.) Australian Listed Property S&P/ASX 300 Property -3.66 1.51 30.58 13.45 -1.69 25.15 9.70 FTSE E/N Australia -9.44 -4.24 19.72 10.81 -5.31 13.29 3.27 Glob Listed Prop (\$A H) FTSE E/N Dev -6.37 3.39 30.62 15.35 0.00 23.63 9.40 **Global Listed Property -**FTSE E/N North America -4.42 3.87 11.34 14.78 9.24 8.43 9.18 **Regional Local Return** FTSE E/N Euro Zone 1.16 7.25 30.36 14.28 2.06 24.77 7.25 FTSE E/N UK 2.98 11.66 28.40 16.13 -1.3123.26 8.60 FTSE E/N Developed Asia -11.17 -2.39 29.82 13.03 5.17 22.99 3.77 -17.71 5.27 15.15 FTSE E/N Japan 42.27 3.49 33.05 13.80 Australian Listed Infra. S&P/ASX 300 Utilities -4.68 -0.02 17.83 17.81 4.88 18.97 5.99 Global Listed Infra. (\$A H) UBS Global Infra. & Utilities -4.01 6.51 29.53 15.62 4.18 22.63 12.88 Glob EM Listed Infra (\$A H) UBS EM Infra. & Utilities 4.20 3.68 11.73 -0.74 -0.95 10.91 9.16

Summary of Statistics:

- Australian listed property declined by 3.66% in May to end the quarter 1.51% lower.
- Global listed property also performed poorly, declining by 6.37% for the month, as measured by the FTSE EPRA NAREIT Developed Total Return Index (Hedged \$A).
- Australian listed infrastructure declined by 4.68% in May, eliminating all the gains from the past quarter to close down 0.02% lower.
- Global listed infrastructure similarly posted negative returns, declining by 4.01% as measured by the UBS Global Infrastructure and Utilities Index (Hedged \$A).

Commentary:

Australian listed property posted a second correction in the space of three months, with the S&P/ASX 300 Property Index declining by 3.66% for the month. This was largely driven by the heavy falls in the retail property space following an ABS announcement that retail sales figures had come in lower than expected. CFS Retail Property Trust and Westfield Retail Trust were hit particularly hard as a result, falling by 8.64% and 6.67% respectively.

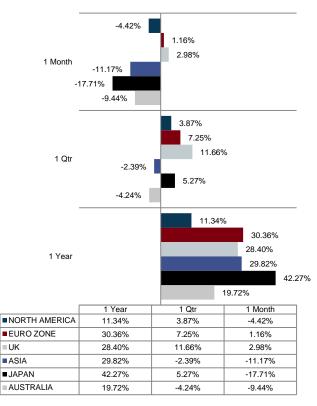
International listed property had a poor month too, with the global benchmark index declining by 6.37%. Japanese property was the strongest driver behind this poor performance, with the FTSE EPRA Japan Index declining by 17.71% for the month as investors cashed out on gains from the past twelve months.

Global Infrastructure had a poor month, with the UBS Global Infrastructure and Utilities Index declining by 4.01%. The S&P/ASX 300 Utilities Index underperformed the global benchmark by 67bp over the period while Emerging Markets infrastructure went against the broader market and gained 4.20%.

Author:

 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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