#### ISSUE 12 | December 2014

# THEMONTHLY MARKET REPORT



#### Australian shares excelled their global counterparts

International shares reported losses in many countries as oil prices continued to fall over the month. Energy stocks tumbled further in December, while the property sector outperformed.

The depreciation of the Australian Dollar over the month was welcomed by the RBA, as a lower exchange rate could help our economy adjust to rapidly fading mining investment and to support many domestic manufacturing industries and exporters. The ASX 300 Index added 2.04% in December, outperforming global shares, represented by the MSCI World ex-Au Local Currency Index which posted a loss of -0.85%.

Bei Cao Analyst



# A SNAPSHOT OF THE KEY POINTS FOR December

The RBA held the overnight cash rate steady at 2.50% in December.

Domestic yields fell over the month, with the 3 Month Bank Bill Swap Rate and the 10 Year Australian Bond Yield decreasing by -0.10% and -0.29% respectively.

The Australian Share Market had a good month, with the All Ordinaries Price and the S&P/ASX 200 Index increasing by 1.71% and 1.84% respectively.

Australian Listed Properties outperformed the broader equity market, gaining 2.86% over the month.

Many global equities markets posted negative returns in December, with the FTSE 100 (UK) Index losing -2.33% to be the weakest performer.

Gold prices in US\$ recovered by 0.37% over the month, taking its past year loss to -1.78%.

Oil prices continued to drop, with the Texas Crude Oil US\$ Index decreasing by -19.47%, taking its past year loss to -45.87%. The overall US\$ CRB Spot Commodity Price Index fell by -3.72% in December.

The Australian Dollar continued to depreciate against most major currencies over the month. In particular, it fell by -3.40% against the US Dollar, -1.11% versus the Euro, -2.50% against the British Pound and -2.38% against the Japanese Yen.

The Australian Trade Weighted Index (TWI) fell by -2.49% in December, indicating a decrease in international competitiveness.

Corporate debt spreads widened by 3.42% over the month, as measured by the iTraxx Australia Index.

US equity market volatility spiked by 5.87%, ending the month priced at 19.20%, as measured by the S&P VIX Index.

## MARKET INDICATORS

| Market            | Indicator                          | End of<br>Month Price | Previous<br>Month Price | 1 Month<br>Change in<br>Price | 12 Months<br>Ago Price | 12 Month<br>Change in<br>Price |
|-------------------|------------------------------------|-----------------------|-------------------------|-------------------------------|------------------------|--------------------------------|
| Interest Rates    | Overnight Cash Rate (%)            | 2.50                  | 2.50                    | 0.00                          | 2.50                   | 0.00                           |
|                   | 3 Month BBSW (%)                   | 2.55                  | 2.65                    | -0.10                         | 3.00                   | -0.45                          |
|                   | 10 Year Bond Rate (%)              | 2.81                  | 3.10                    | -0.29                         | 4.26                   | -1.45                          |
| Australian Shares | All Ordinaries Index               | 5388.60               | 5298.10                 | 1.71%                         | 5353.10                | 0.66%                          |
|                   | S&P/ASX 200                        | 5411.00               | 5313.00                 | 1.84%                         | 5352.20                | 1.10%                          |
| Property          | ASX 300 Property Index             | 1166.33               | 1133.89                 | 2.86%                         | 970.99                 | 20.12%                         |
| Regional Shares   | Dow Jones Industrials (US)         | 17823.07              | 17828.24                | -0.03%                        | 16576.66               | 7.52%                          |
|                   | S&P 500 (US)                       | 2058.90               | 2067.56                 | -0.42%                        | 1848.36                | 11.39%                         |
|                   | FTSE 100 (UK)                      | 6566.09               | 6722.62                 | -2.33%                        | 6749.09                | -2.71%                         |
|                   | STOXX 50 (EUR)                     | 342.54                | 347.25                  | -1.36%                        | 328.26                 | 4.35%                          |
|                   | TOPIX (Japan)                      | 1407.51               | 1410.34                 | -0.20%                        | 1302.29                | 8.08%                          |
|                   | Hang Seng (Hong Kong)              | 23605.04              | 23987.45                | -1.59%                        | 23306.39               | 1.28%                          |
| Commodities       | US\$ Gold Price                    | 1186.33               | 1181.97                 | 0.37%                         | 1207.85                | -1.78%                         |
|                   | US\$ Oil Price – W Texas Crude     | 53.27                 | 66.15                   | -19.47%                       | 98.42                  | -45.87%                        |
|                   | US\$ CRB Spot Commodity Index      | 437.75                | 454.64                  | -3.72%                        | 456.36                 | -4.08%                         |
| Exchange Rates    | AUD / USD                          | 0.8202                | 0.8491                  | -3.40%                        | 0.8948                 | -8.34%                         |
|                   | AUD / EUR                          | 0.6746                | 0.6822                  | -1.11%                        | 0.6485                 | 4.02%                          |
|                   | AUD / GBP                          | 0.5271                | 0.5406                  | -2.50%                        | 0.5429                 | -2.91%                         |
|                   | AUD / JPY                          | 98.04                 | 100.43                  | -2.38%                        | 93.95                  | 4.35%                          |
| TWI               | Australia Trade Weighted Index \$A | 66.50                 | 68.20                   | -2.49%                        | 68.90                  | -3.48%                         |
| iTraxx            | iTraxx Australia                   | 92.79                 | 89.73                   | 3.42%                         | 97.00                  | -4.34%                         |
| Volatility        | VIX Index %                        | 19.20                 | 13.33                   | 5.87%                         | 13.72                  | 5.48%                          |

## CASH, FIXED INCOME & CREDIT

| Zenith Benchmarks     | Index                                      | 1 Mth | 1 Qtr | 1 Yr (p.a.) | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|-----------------------|--|-------|-------|-------------|-------------|-------------|---------|---------|
| Australian Cash       | Bloomberg AusBond Bank Bill                | 0.25  | 0.69  | 2.69        | 3.18        | 3.83        | 1.36    | 2.69    |
| Australian Bonds      | Bloomberg AusBond Composite Index          | 1.70  | 3.96  | 9.81        | 6.45        | 7.33        | 4.97    | 9.81    |
| International Bonds   | Barclays Global Aggregate \$A (H)          | 0.75  | 2.90  | 10.37       | 7.37        | 8.37        | 4.73    | 10.37   |
|                       | Barclays Global Agg Treasuries TRI \$A (H) | 1.05  | 3.38  | 10.95       | 7.24        | 8.15        | 5.61    | 10.95   |
|                       | Barclays Global Agg Corporate TRI \$A (H)  | 0.43  | 2.41  | 10.27       | 9.07        | 9.68        | 3.67    | 10.27   |
| Emerging Markets Debt | Barclays EM Hard Currency Agg TRI \$A (H)  | -2.26 | -1.03 | 7.33        | 8.86        | 10.57       | -0.95   | 7.33    |

#### SUMMARY OF STATISTICS

- Australian Cash increased by 0.25% in December, as measured by the Bloomberg AusBond Bank Bill Index, taking its past year return to 2.69%.
- The Australian Bond Market had a strong month, with the Bloomberg AusBond Composite Index gaining 1.70%.
- International Bonds underperformed the domestic bond market, with the Barclays Global Aggregate (Hedged) \$A Index increasing by 0.75%. Within the asset class, Government Bonds gained 1.05% over the month to be the strongest performer, while Corporate Bonds increased by 0.43%.
- Emerging Markets Debt was the weakest performer over the month, with the Barclays Emerging Market Hard Currency Aggregate Total Return Index \$A (Hedged) falling by -2.26%.

#### COMMENTARY

The RBA has left the official cash rate unchanged at 2.50% for the 16th month in a row in December. The board indicated that the monetary policy remains accommodative, and the low levels of interest rates continued to stimulate growth in riskier assets as investors search for higher returns. The Westpac Consumer Confidence Index fell by -5.7 points to 91.1 in December. The Australia Services PMI increased to 47.50 points in December from 43.8 points in the previous month, indicating an improvement in domestic services activity. Housing prices continued to rise over the month and credit growth remains moderate. The Australian Dollar has been depreciating recently, largely reflecting the strengthening US Dollar.

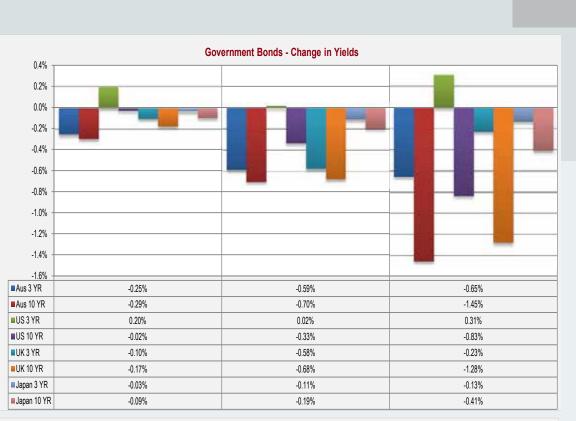
Australian Bonds posted strong returns over the month, with the Bloomberg AusBond Australia Composite Index increasing by 1.70%. Australian Government Bond Yields fell further in December, with the Australia 3 Year and 10 Year Government Bond Yield decreasing by -0.25% and -0.29% respectively. Australian corporate debt spreads widened over the month, with the iTraxx Australian Index increasing from 89.73 in November to 92.79 in December.

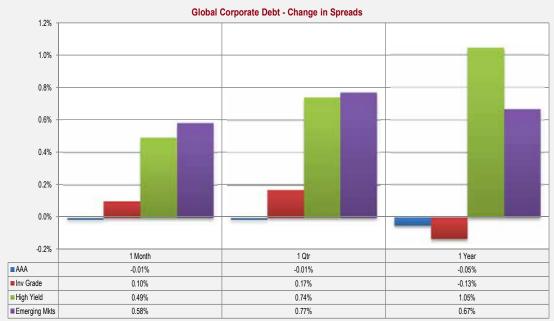
U.S. manufacturing data disappointed, with the Markit Manufacturing PMI Index falling to 53.9 in December from 54.8 in the previous month. Business confidence decreased over the month, while consumer sentiment improved from 88.8 in November to 93.6 in December. The US unemployment rate decreased to 5.6% in December from 5.8% in the previous month.

Global Bonds added 0.75% over the month however they have underperformed the Australian Bond Market by 0.95%. Within the asset class, Government Bonds were the strongest performer, with Government Bond Yields decreasing in most countries. The Barclays Global Aggregated Treasuries Hedged Total Return \$A Index gained 1.05% over the month.

Global corporate debt underperformed government bonds over the month, with spreads widening by 0.10% and 0.58% respectively for the Investment Grade and High Yield debt. The overall Barclays Global Aggregated Corporate Hedged Total Return \$A Index increased by 0.43% over the month.

The Barclays Emerging Markets Hard Currency Aggregated Hedged \$A Index lost -2.26% in December to be the worst performer in the asset class, as its debt spread widened by 0.58% over the month.







### AUSTRALIAN SHARES

| Zenith Benchmarks     | Index                                | 1 Mth | 1 Qtr  | 1 Yr (p.a.) | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|-----------------------|--------------------------------------|-------|--------|-------------|-------------|-------------|---------|---------|
| Market Capitalisation | S&P/ASX 300 Index                    | 2.04  | 2.95   | 5.30        | 14.70       | 6.48        | 2.37    | 5.30    |
|                       | S&P/ASX 50 Leaders Index             | 1.97  | 3.06   | 5.30        | 16.19       | 7.48        | 2.30    | 5.30    |
|                       | S&P/ASX Midcap 50 Index              | 3.86  | 7.72   | 13.19       | 14.25       | 5.36        | 7.07    | 13.19   |
|                       | S&P/ASX Small Ordinaries Index       | 0.47  | -3.88  | -3.80       | 0.58        | -2.01       | -2.45   | -3.80   |
|                       | S&P/ASX Emerging Companies Index     | -2.42 | -12.81 | -10.98      | -10.92      | -7.39       | -6.99   | -10.98  |
| GICS Sectors          | S&P/ASX 300 Materials                | -0.25 | -6.07  | -11.89      | -3.92       | -5.18       | -8.84   | -11.89  |
|                       | S&P/ASX 300 Industrials              | 5.85  | 7.64   | 11.00       | 12.65       | 5.10        | 8.27    | 11.00   |
|                       | S&P/ASX 300 Consumer Discretionary   | -2.17 | -0.26  | -0.60       | 19.53       | 6.01        | 0.07    | -0.60   |
|                       | S&P/ASX 300 Consumer Staples         | -0.83 | -4.35  | -4.25       | 12.63       | 7.93        | -3.82   | -4.25   |
|                       | S&P/ASX 300 Energy                   | -1.74 | -17.73 | -12.35      | -0.95       | -4.67       | -17.57  | -12.35  |
|                       | S&P/ASX 300 Healthcare               | 5.61  | 13.33  | 22.99       | 31.40       | 16.74       | 24.00   | 22.99   |
|                       | S&P/ASX 300 Information Technologies | 1.83  | -0.71  | 4.01        | 16.16       | 2.33        | 0.14    | 4.01    |
|                       | S&P/ASX 300 Telecommunications       | 4.50  | 12.27  | 20.63       | 30.21       | 20.61       | 18.39   | 20.63   |
|                       | S&P/ASX 300 Financials ex Property   | 2.47  | 7.20   | 9.83        | 24.09       | 11.63       | 4.49    | 9.83    |
|                       | S&P/ASX 300 Utilities                | 1.57  | 3.02   | 15.31       | 15.00       | 12.24       | 3.13    | 15.31   |
|                       | S&P/ASX 300 Property                 | 4.49  | 11.31  | 26.79       | 21.78       | 12.05       | 12.69   | 26.79   |

#### SUMMARY OF STATISTICS

- Australian Shares gained 2.04% in December, as measured by the S&P/ASX 300 Accumulation Index.
- On a market capitalisation basis, the ASX Midcap 50 Index increased by 3.86% over the month to be the strongest performer.
- The S&P/ASX Emerging Companies Index continued its underperformance of the broader Australian share market, declining by -2.42% over the month. This index has now lost -10.98% over the past year to underperform the broader market by 16.28%.
- On a sector basis, the S&P/ASX Consumer Discretionary Index decreased by -2.17% to be the weakest performer in December. Materials and Energy continued to perform poorly, losing -0.25% and -1.74% over the month, taking the past year losses to -11.89% and -12.35% respectively.
- Industrials were the strongest sector in December, increasing by 5.85%. Healthcare and Telecommunications continued to outperform the broader Australian share market, increasing by 5.61% and 4.50% over the month, taking the past year gains to 22.99% and 20.63% respectively.

The Australian Share Market had a good month, with the S&P/ASX 300 Accumulation Index increasing by 2.04% to outperform their global counterparts.

#### COMMENTARY

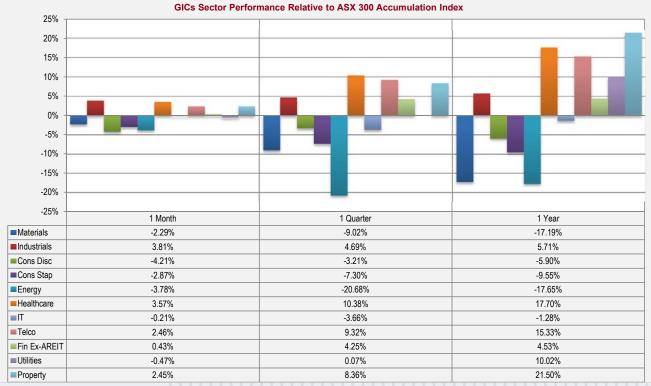
The Australian Share Market had a good month, with the S&P/ASX 300 Accumulation Index increasing by 2.04% to outperform their global counterparts. Although domestic manufacturing activities continued to be slow, strong Chinese data over the month has driven many stock prices higher.

On the back of falling commodity prices and easing interest rates, many domestic retail investors benefited from the strong performance of Midcap stocks. The ASX Midcap 50 Index gained 13.19% over the past year, outperforming the ASX 50 Leaders Index by 7.89%.

On the back of the depreciating Australian Dollar and falling consumer sentiment, the ASX 300 Consumer Discretionary Index suffered a loss of -2.17% over the month. The worst performing stock in this sector was Vocation Ltd (-55.00%). The vocational training and private education provider has seen its share price slump by more than 75% since mid-October after it announced that the Victorian government was to reduce \$20 million of funding. Outdoor equipment retailer Kathmandu Holdings Ltd and travel agency Flight Centre Travel Group Ltd fell by -26.55% and -19.32% over the month, as sales growth continued to deteriorate.

Industrials were the best performing sector in December, adding 5.85%. Leading stocks in this sector include Bradken Ltd (+30.30%), Qantas Airways Ltd (+25.00%) and Decmil Group Ltd (+14.45%). Bradken share price rose on the back of takeover offers and Qantas Airways enjoyed a good run in part to the falling oil price.

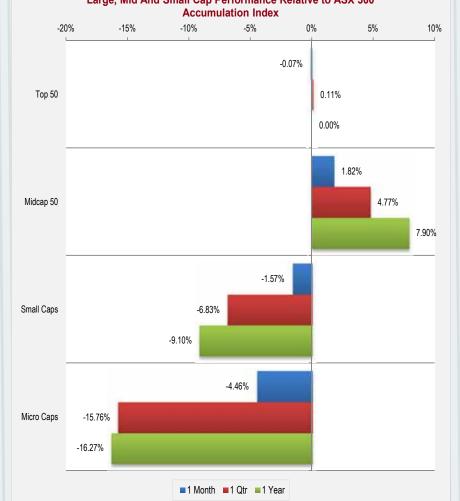
Healthcare and Telecommunications stocks continued to report strong returns. A few examples of leading performers include Capital Health Ltd (+34.92%), Virtus Health Ltd (+12.46%) and Amcom (+20.00%). The proposed merger between Amcom and Vocus has lifted share prices in both companies.



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 30 September 2014 were as follows: Materials 17.73%; Industrials 6.33%; Consumer Discretionary 4.77%; Consumer Staples 7.50%; IT 0.43%; Telecommunication Services 5.43%; Financials ex-AREIT 38.71%; Property 6.07%; Energy 5.69%; Utilities 2.29%; Healthcare 5.05%.

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

## Large, Mid And Small Cap Performance Relative to ASX 300



## INTERNATIONAL SHARES

| Zenith Benchmarks         | Index                      | 1 Mth | 1 Qtr | 1 Yr (p.a.) | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|---------------------------|----------------------------|-------|-------|-------------|-------------|-------------|---------|---------|
|                           |                            |       |       |             |             |             |         |         |
| International Shares -    | MSCI World Ex-Au (\$A)     | 2.63  | 8.16  | 15.01       | 24.79       | 12.50       | 14.36   | 15.01   |
| Unhedged                  | MSCI World (\$A)           | 2.61  | 8.01  | 14.72       | 24.48       | 12.30       | 13.99   | 14.72   |
|                           | MSCI Small Cap World (\$A) | 0.56  | 2.71  | 1.90        | 16.61       | 12.71       | -4.09   | 1.90    |
|                           | MSCI AC World (\$A)        | -1.93 | 0.41  | 4.16        | 14.10       | 9.17        | -1.90   | 4.16    |
| International Shares -    | MSCI World ex-Au           | -0.85 | 3.26  | 9.95        | 17.94       | 11.41       | 4.16    | 9.95    |
| Local Currency            | MSCI World                 | -0.78 | 3.25  | 9.81        | 17.87       | 11.23       | 4.10    | 9.81    |
|                           | MSCI World Small Cap       | 0.56  | 2.71  | 1.90        | 16.61       | 12.71       | -4.09   | 1.90    |
|                           | MSCI AC World              | -1.93 | 0.41  | 4.16        | 14.10       | 9.17        | -1.90   | 4.16    |
| Regional Shares -         | MSCI North America         | -0.37 | 4.22  | 12.56       | 18.85       | 14.04       | 5.02    | 12.56   |
| Local Currency            | MSCI Asia                  | -1.00 | 4.24  | 8.12        | 17.78       | 7.96        | 7.02    | 8.12    |
|                           | MSCI AC Asia ex-Japan      | -1.49 | 2.24  | 7.41        | 10.74       | 5.91        | 2.35    | 7.41    |
|                           | MSCI China                 | 1.16  | 7.03  | 7.98        | 11.10       | 3.24        | 8.75    | 7.98    |
|                           | MSCI Europe                | -2.05 | 0.00  | 4.66        | 13.72       | 7.33        | -0.24   | 4.66    |
|                           | MSCI Emerging Markets      | -2.49 | 0.01  | 5.17        | 8.37        | 4.85        | 0.57    | 5.17    |
|                           | MSCI India                 | -4.34 | 1.51  | 26.41       | 21.27       | 9.12        | 6.68    | 26.41   |
|                           | MSCI Japan                 | -0.43 | 6.65  | 9.48        | 27.19       | 10.95       | 12.82   | 9.48    |
| Global Gold Shares in \$A | FTSE Gold Mines            | 4.87  | -9.01 | -7.29       | -25.07      | -16.72      | -18.92  | -7.29   |
| Global Resources in \$A   | HSBC Global Mining         | -1.59 | -8.31 | -10.47      | -6.76       | -7.49       | -11.22  | -10.47  |

#### SUMMARY OF STATISTICS

- The Global Equity market had a poor month, with the MSCI World ex-Australia (Local Currency) Index decreasing by -0.85%. The unhedged equivalent in AUD outperformed, adding 2.63% due to a depreciation of the Australian Dollar.
- On a market capitalisation basis, many small companies recovered well over the month with the MSCI World Small Cap ex Australia Local Currency Index increasing by 0.56%. However small cap stocks have underperformed the broader MSCI World ex-Au Index by 8.05% in the year of 2014, measured in local currency terms.
- On a regional basis, China gained 1.16% over the month to be the strongest performer while most countries were reporting losses.
- Gold prices continued to recover, with the FTSE Global Mines \$A Index increasing by 4.87% over the month taking its past year loss to -7.29%.

#### COMMENTARY

Global equities lost by -0.85% in December, as measured by the MSCI World ex-Australia (Local Currency) Index. Most regions posted losses over the month while China outperformed, reporting a gain of 1.16%. International shares fell over the month as crude oil prices continued to drop. Ending the month at \$53.27 US Dollar per barrel, the Texas crude price has fallen by -45.87% over the past year.

Global equities lost by -0.85% in December, as measured by the MSCI World ex-Australia (Local Currency) Index. Most regions posted losses over the month while China outperformed, reporting a gain of 1.16%. Manufacturing activities in the US fell for the 4th month in a row to 53.9, though a reading above 50 still indicates an expansion. Although the December jobs data improved in December, both labour participation rate and hourly earnings declined. Business confidence fell to 55.5 points in December from 58.7 in the previous month. The MSCI North America Local Currency Index dropped by -0.37% over the month.

China was the best performer in equities markets in December, with the MSCI China Local Currency Index increasing by 1.16%. Although the China Manufacturing PMI Index decreased to 50.1 over the month, a reading above 50 indicates an expansion. The services PMI in China increased to 53.4 in December from 53 in November, indicating further growth in sales, inventories and prices.

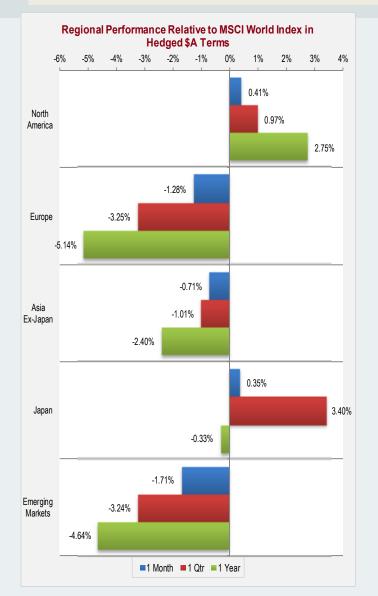
Contrary to the Australian share market, Telecommunications lost -4.36% to be the weakest performer over the month. Energy continued to be in the negative territory, falling by -1.35% in December to finish the year with a loss of -11.03%. Utilities outperformed, adding 0.12% for the month.

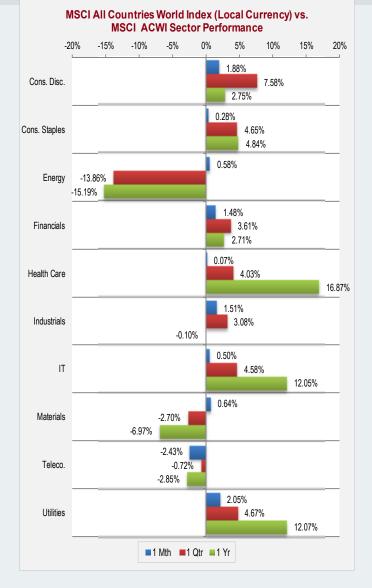
Global gold prices improved by 4.87% in December, in Australian Dollar terms. Investments in global resources continued to be sluggish, underperforming riskier assets. The HSBC Mining Index fell by -1.59% over the month in Australian Dollar terms, taking its past year loss to -10.47%.

| Zenith Benchmarks   | Index     | 1 Mth | 1 Qtr | 1 Yr (p.a.) | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|---------------------|-----------|-------|-------|-------------|-------------|-------------|---------|---------|
| Currency Spot Rates | AUD / USD | -3.40 | -6.28 | -8.34       | -6.88       | -1.77       | -12.93  | -8.34   |
|                     | AUD / EUR | -1.11 | -2.20 | 4.02        | -4.91       | 1.57        | -2.32   | 4.02    |
|                     | AUD / GBP | -2.50 | -2.10 | -2.91       | -7.17       | -1.14       | -4.70   | -2.91   |
|                     | AUD / JPY | -2.38 | 2.41  | 4.35        | 7.59        | 3.43        | 2.73    | 4.35    |

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.





| Zenith Benchmarks  | Index                                  | 1 Mth | 1 Qtr  | 1 Yr (p.a.) | 3 Yr (p.a.) | 5 Yr (p.a.) | Fin YTD | Cal YTD |
|--------------------|--|-------|--------|-------------|-------------|-------------|---------|---------|
| Industry Sectors - | MSCI ACWI Consumer Discretionary Index | -0.05 | 8.00   | 6.91        | 21.77       | 15.18       | 6.89    | 6.91    |
| Local Currency     | MSCI ACWI Consumer Staples Index       | -1.65 | 5.07   | 9.00        | 12.49       | 10.74       | 5.59    | 9.00    |
|                    | MSCI ACWI Energy Index                 | -1.35 | -13.45 | -11.03      | -0.30       | 0.82        | -19.73  | -11.03  |
|                    | MSCI ACWI Financials Index             | -0.45 | 4.02   | 6.87        | 17.88       | 5.80        | 5.52    | 6.87    |
|                    | MSCI ACWI Health Care Index            | -1.86 | 4.44   | 21.03       | 23.12       | 14.76       | 10.80   | 21.03   |
|                    | MSCI ACWI Industrials Index            | -0.42 | 3.50   | 4.06        | 15.77       | 10.13       | 2.70    | 4.06    |
|                    | MSCI ACWI IT Index                     | -1.43 | 4.99   | 16.21       | 18.81       | 11.37       | 8.38    | 16.21   |
|                    | MSCI ACWI Materials Index              | -1.29 | -2.28  | -2.81       | 1.77        | -0.79       | -5.33   | -2.81   |
|                    | MSCI ACWI Teleco. Services Index       | -4.36 | -0.31  | 1.31        | 8.28        | 5.43        | 2.04    | 1.31    |
|                    | MSCI ACWI Utilities Index              | 0.12  | 5.09   | 16.23       | 7.43        | 2.12        | 2.81    | 16.23   |

## PROPERTY & INFRASTRUCTURE

| Zanith Danahmarka                | Index                         | 1 Mth | 4.04- | 4 Vr (n n ) | 2 V = (= = ) | E Vr (n c ) |         | Cal YTD |
|----------------------------------|-------------------------------|-------|-------|-------------|--------------|-------------|---------|---------|
| Zenith Benchmarks                | muex                          |       | 1 Qtr | 1 Yr (p.a.) | 3 Yr (p.a.)  | 5 Yr (p.a.) | Fin YTD |         |
| Australian Listed Property       | S&P/ASX 300 Property          | 4.49  | 11.31 | 26.79       | 21.78        | 12.05       | 12.69   | 26.79   |
|                                  | FTSE E/N Australia            | 4.57  | 11.47 | 27.16       | 21.47        | 12.01       | 12.81   | 27.16   |
| Global Listed Prop. \$A (H)      | FTSE E/N GLOBAL HGD A\$       | 1.52  | 11.40 | 23.33       | 21.39        | 15.58       | 9.94    | 23.33   |
| Global Listed Prop. \$A          | FTSE E/N GLOBAL A             | 3.99  | 14.46 | 25.43       | 24.03        | 13.03       | 18.75   | 25.43   |
|                                  | FTSE E/N North America        | 5.89  | 21.13 | 40.06       | 24.30        | 18.58       | 26.23   | 40.06   |
|                                  | FTSE E/N Euro Zone            | 3.01  | 9.12  | 18.14       | 25.54        | 9.05        | 6.61    | 18.14   |
|                                  | FTSE E/N UK                   | 2.90  | 12.99 | 24.79       | 34.83        | 14.86       | 17.61   | 24.79   |
|                                  | FTSE E/N Developed Asia       | 3.57  | 8.20  | 9.56        | 24.00        | 9.52        | 10.99   | 9.56    |
|                                  | FTSE E/N Japan                | 2.83  | 4.20  | -7.03       | 28.05        | 13.33       | 2.45    | -7.03   |
| Australian Listed Infra.         | S&P/ASX 300 Utilities         | 1.57  | 3.02  | 15.31       | 15.00        | 12.24       | 3.13    | 15.31   |
| Global Listed Infra. \$A (H)     | UBS Global Infra. & Utilities | 0.79  | 6.94  | 23.33       | 20.46        | 14.18       | 7.84    | 23.33   |
| Global EM Listed Infra - \$A (H) | UBS EM Infra. & Utilities     | -3.18 | -0.16 | 7.84        | 9.76         | 2.15        | 1.08    | 7.84    |

#### SUMMARY OF STATISTICS

- The Australian Listed Property had a strong month, with the S&P/ASX 300 Property Accumulation Index increasing by 4.49%.
- Global Listed Property in Hedged AUD recorded a gain of 1.52% in December, while the unhedged equivalent in AUD added 3.99% due to depreciation in the Australian Dollar over the month.
- Australian Listed Infrastructure rose by 1.57% in December, outperforming their global counterparts which added 0.79% in hedged AUD.
- The UBS Emerging Markets Infrastructure and Utilities Hedged \$A Index fell by -3.18% to be the weakest performer in the asset class.

#### **COMMENTARY**

Listed properties performed strongly in many countries over the month, with AREITs outperforming GREITs in hedged Australian Dollar terms.

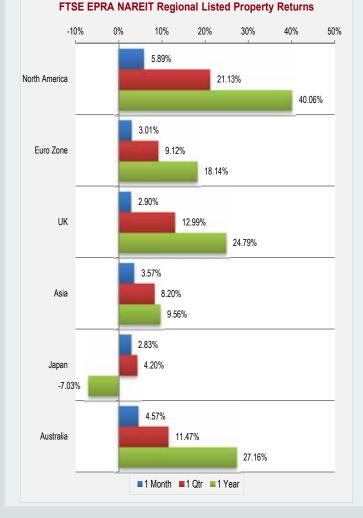
The Australian Property Market expanded further in December on the back of continued rising housing prices and improving commercial property investments in many companies. A few examples of leaders in this asset class included BWP Trust (+12.77%), Hotel Property Investments (+10.67%) and Astro Japan Property Group (+10.41%).

On a regional basis, North America added 5.89% to be the strongest performer over the month. The Euro Zone and Developed Asia also posted solid returns, adding 3.01% and 3.57% respectively. Japanese property underperformed their global counterparts, despite an increase of 2.83% over the month.

The S&P/ASX 300 Utilities Index increased by 1.57% in December, outperforming the hedged UBS Global Infrastructure & Utilities \$A Index by 0.78%.

#### Author: Bei Cao

Zenith Investment Partners (AFSL 226872) Tel | (03) 9642 3320 Data source | Thomson Reuters 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 30 September 2014 were as follows: North America 66.95%; Western Europe 18.54%; Asia Pacific 14.51%; other 0.00%.



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