

THE MONTHLY MARKET REPORT



A SNAPSHOT OF THE KEY POINTS FOR April

The RBA kept the overnight cash rate steady at 2.25% during the April board meeting.

Domestic yields rose over the month, with the Three Month Bank Bill Swap Rate and the Ten Year Australian Bond Rate increasing by 0.17% and 0.31% respectively.

Australian Shares underperformed their global counterparts, with the All Ordinaries Price Index and the S&P/ASX 200 Price Index declining by -1.50% and -1.72% respectively.

Domestic REITs followed the broader Australian equity market in April, falling by -0.99%.

Global equities posted strong results in many regions over the past month with the Hang Seng (Hong Kong) Index being the standout performer, soaring 12.98%.

European shares fell slightly, with the STOXX 50 European Index declining by -0.38% for April.

Gold remained in negative territory, falling by -0.58% over the month.

Oil and iron ore prices (both measured in USD) recovered significantly, increasing by 25.27% and 9.43% respectively for the month. Commodity prices overall rose by 1.49% in April, as measured by the US\$ CRB Spot Commodity Price Index.

The Australian Dollar appreciated against most currencies in April. In particular, it increased by 4.55% over the US Dollar, 1.81% versus the Euro, 0.29% over the British Pound and 3.21% against the Japanese Yen.

The Australian Trade Weighted Index (TWI) rose by 3.16% over the month, indicating a rise in Australia's international competitiveness.

The US VIX Volatility Index fell by -0.74% in April, while the S&P/ASX 200 Volatility Index increased by 3.81%. The increased domestic share market volatility was consistent with the underperformance in Australian equities over the month.

Markets Reversed Recent Trends in April

Financial markets reversed recent trends in April, with the US Dollar depreciating for the first month after a strong rally and many commodity prices rising from a trough. The hottest sector (Healthcare) over the past year became the least favoured in the past month while Energy became the most popular thanks to a surge in oil prices.

Domestically the market took surprise by the RBA's decision not to cut cash rates in its early April meeting, pushing up bond yields. Globally, Emerging Markets led by China outperformed the developed regions in both bond and equities market.

Bei Cao
Analyst

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 (%)	2.25	2.25	0.00	2.50	-0.25
	3 Month BBSW (%)	2.14	1.97	0.17	2.92	-0.78
	10 Year Bond Rate (%)	2.66	2.34	0.31	3.97	-1.31
Australian Shares	All Ordinaries Index	5773.70	5861.90	-1.50%	5470.80	5.54%
	S&P/ASX 200	5790.00	5891.50	-1.72%	5489.10	5.48%
Property	ASX 300 Property Index	1250.59	1263.09	-0.99%	1045.75	19.59%
Regional Shares	Dow Jones Industrials (US)	17840.52	17776.12	0.36%	16580.84	7.60%
	S&P 500 (US)	2085.51	2067.89	0.85%	1883.95	10.70%
	FTSE 100 (UK)	6960.63	6773.04	2.77%	6780.03	2.66%
	STOXX 50 (EUR)	395.79	397.30	-0.38%	337.89	17.13%
	TOPIX (Japan)	1592.79	1543.11	3.22%	1162.44	37.02%
	Hang Seng (Hong Kong)	28133.00	24900.89	12.98%	22133.97	27.10%
Commodities	US\$ Gold Price	1180.69	1187.60	-0.58%	1293.70	-8.74%
	US\$ Oil Price – W Texas Crude	59.63	47.60	25.27%	99.74	-40.21%
	US\$ Iron Ore Price	58.00	53.00	9.43%	107.00	-45.79%
	US\$ CRB Spot Commodity Index	421.15	414.98	1.49%	501.35	-16.00%
Exchange Rates	AUD / USD	0.80	0.76	4.55%	0.93	-14.06%
	AUD / EUR	0.72	0.71	1.81%	0.67	6.97%
	AUD / GBP	0.52	0.52	0.27%	0.55	-6.28%
	AUD / JPY	94.66	91.72	3.21%	95.08	-0.44%
TWI	Australia Trade Weighted Index \$A	65.30	63.30	3.16%	71.40	-8.54%
iTraxx	iTraxx Australia	87.79	90.33	-2.82%	97.19	-9.67%
Volatility	VIX Index %	14.55	15.29	-0.74%	13.41	1.14%
	S&P/ASX200 Volatility Index	18.08	14.27	3.81%	12.36	5.73%

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	0.18	0.60	2.68	2.95	3.73	2.22	0.85
Australian Bonds	Bloomberg AusBond Composite Index	-1.11	-0.07	8.91	6.15	7.27	6.58	1.53
International Bonds	Barclays Global Aggregate \$A (H)	-0.35	0.02	8.88	7.02	8.07	7.03	2.20
	Barclays Global Agg Treasuries TRI \$A (H)	-0.51	-0.19	9.57	7.09	7.98	7.85	2.12
	Barclays Global Agg Corporate TRI \$A (H)	-0.40	-0.35	8.08	8.05	9.08	6.18	2.40
Emerging Markets Debt	Barclays EM Hard Currency Agg TRI \$A (H)	1.79	4.04	7.66	7.70	10.13	3.87	4.87

SUMMARY OF STATISTICS

- Australian Cash rose by 0.18% over the month, as measured by the Bloomberg AusBond Bank Bill Index, taking its 12 month return to 2.68%.
- The Australian Bond market had a negative month, with the Bloomberg AusBond Composite Index declining by -1.11%.
- International Bonds also reported a loss, with the Barclays Global Aggregate Hedged \$A Index decreasing by -0.35%. Within the Global Fixed Income space, government bonds fell by -0.51% over the month to underperform corporate debt by -0.11%.
- Emerging Markets Debt was the best performer over the month, increasing by 1.79% as measured by the Barclays Emerging Market Hard Currency Aggregate Total Return Hedged AUD Index.

COMMENTARY

Australian bond yields soared over the month on the back of a stable cash rate, with the 3 year and 10 year government bond yields increasing by 0.18% and 0.31% respectively. Although both domestic consumer confidence and business spending fell over the month, it didn't trigger the RBA for a rate cut during the April board meeting.

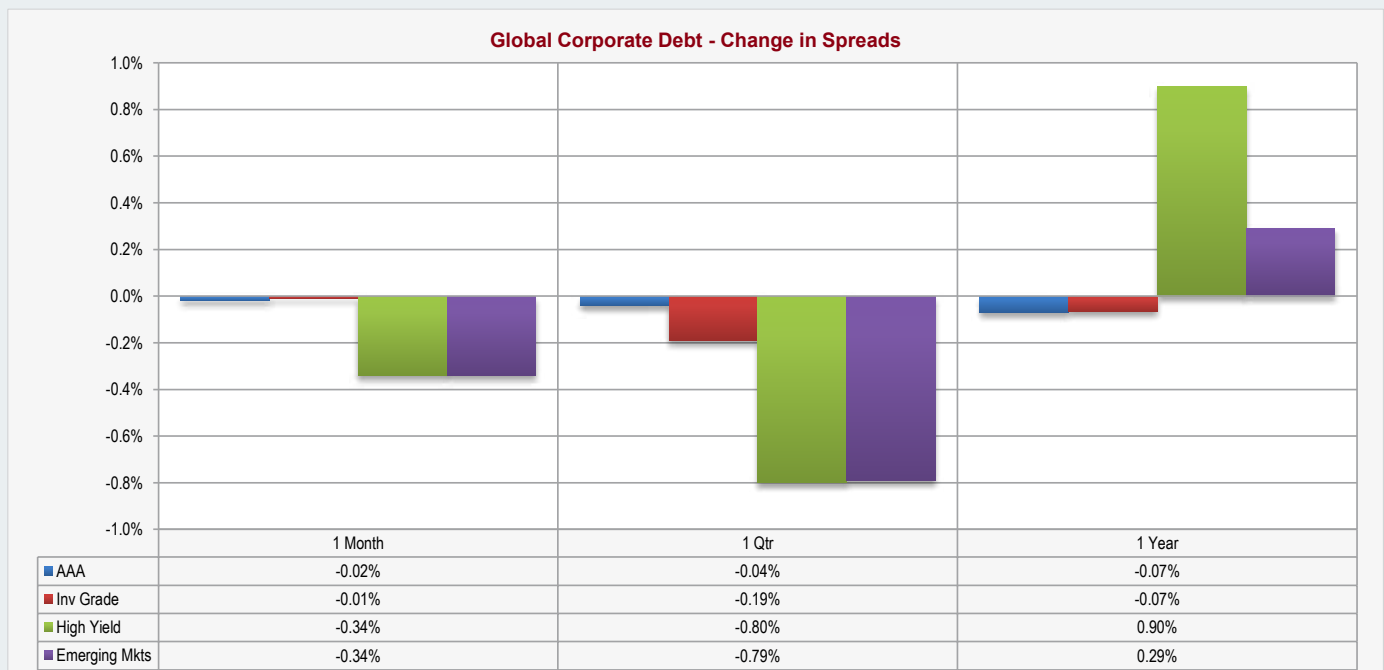
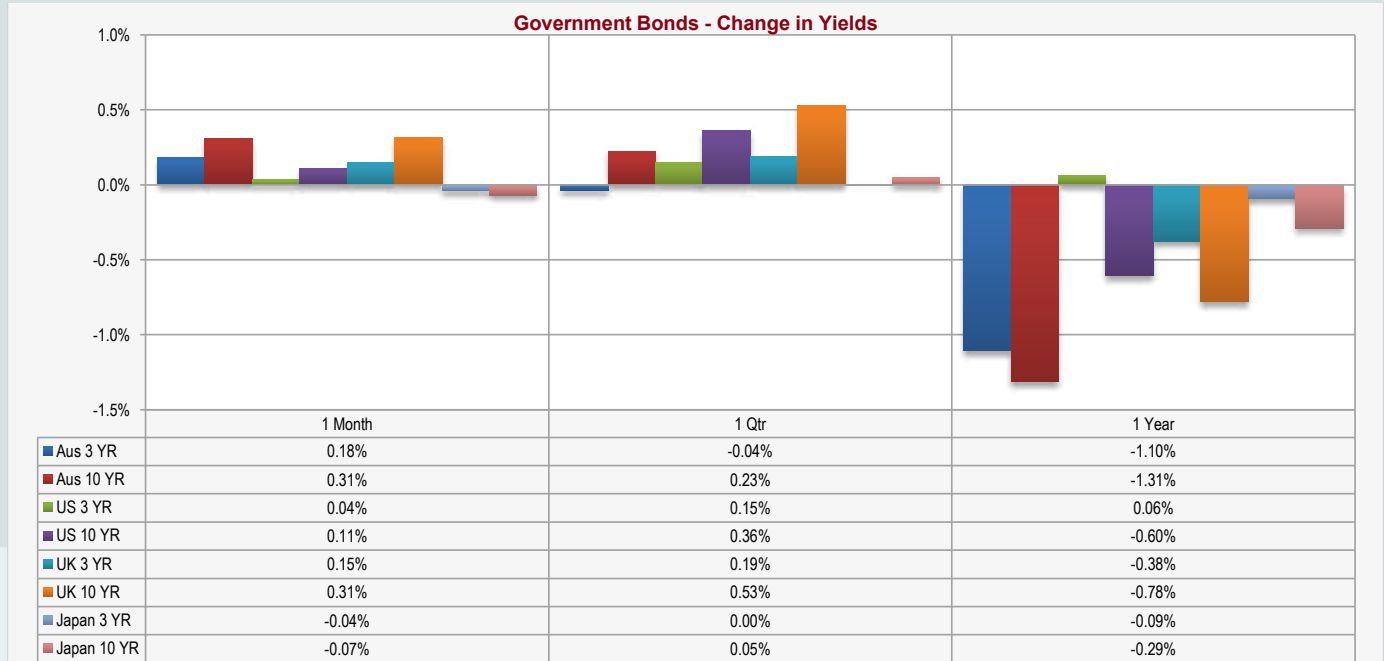
The Australian Dollar appreciated over most currencies over the month, especially against a falling US Dollar. Consumer sentiment fell further into the negative territory, with the Westpac Consumer Confidence Index decreasing to 99.20 in April. Terms of trade improved over the month, with the Australian Trade Weighted Index increasing by 3.16%. Although the Australia Manufacturing PMI rose by 1.75 points to 48.04 over the month, a reading below 50 represents a contraction in the manufacturing sector.

The Australian Bond Market posted a loss of -1.11% over the month, as measured by the Bloomberg AusBond Composite Index. Government Bond Yields surged over the month with the 3 Year and the 10 Year Government Bond Yields climbing 0.18% and 0.31% respectively. Corporate debt performed well with spreads falling, as represented by the iTraxx Australian Index which fell by -2.82% in April.

Markets had a set of incredible changes in April with the most popular investments sold off the most while the worst performers rose the fastest. The strong tailwind in Emerging Markets over the month has taken over the in demand developed market over the past year. Both risky assets and bonds in developing countries outperformed the advanced regions in April, with China being the standout performer.

The international Fixed Income market was negative in April, with the Barclays Global Aggregate Hedged \$A Index falling by -0.35%. Treasury bond yields rose considerably over the month in many developed regions, with the 10 Year US and UK Government Bond Yields increasing by 0.11% and 0.31% respectively. Global Corporate Bonds slightly outperformed Government Bonds in April, with corporate debt spreads narrowing across the sector, partly offsetting a sharp increase in the previous month.

Riskier bonds performed strongly, with the High Yield and Emerging Markets corporate debt spreads both tightening by -0.34% over the month. The Barclays Emerging Markets Hard Currency Aggregated Hedged \$A Index increased by 1.79% in April, taking its calendar year return to 4.87% to be the best performer in the fixed income space.



▲ 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	-1.65	5.10	10.16	14.17	8.25	11.06	8.49
	S&P/ASX 50 Leaders Index	-1.98	4.64	9.75	15.76	9.12	10.69	8.20
	S&P/ASX Midcap 50 Index	-1.54	6.77	17.87	13.99	7.91	18.26	10.45
	S&P/ASX Small Ordinaries Index	1.66	8.09	5.31	-0.87	0.02	6.41	9.08
	S&P/ASX Emerging Companies Index	2.54	4.97	0.20	-12.86	-5.68	-0.57	6.90
GICS Sectors	S&P/ASX 300 Materials	1.22	7.99	-4.81	-2.89	-2.97	-0.60	9.05
	S&P/ASX 300 Industrials	0.68	8.33	18.34	11.14	7.50	18.79	9.72
	S&P/ASX 300 Consumer Discretionary	0.21	8.23	11.29	19.56	8.47	14.25	14.17
	S&P/ASX 300 Consumer Staples	-0.29	0.24	-2.94	11.61	9.40	-0.20	3.76
	S&P/ASX 300 Energy	8.50	11.79	-12.51	-3.22	-3.23	-13.89	4.46
	S&P/ASX 300 Healthcare	-3.92	5.02	32.90	28.92	19.15	33.69	7.81
	S&P/ASX 300 Information Technologies	-2.92	8.04	6.33	14.03	2.83	6.38	6.24
	S&P/ASX 300 Telecommunications	-0.93	-0.24	27.20	28.81	23.43	27.75	7.90
	S&P/ASX 300 Financials ex Property	-4.67	4.56	13.54	23.20	12.72	13.64	8.76
	S&P/ASX 300 Utilities	2.21	9.73	24.56	17.85	15.27	19.96	16.32
	S&P/ASX 300 Property	-0.99	0.65	25.98	20.03	13.32	21.86	8.14

SUMMARY OF STATISTICS

- Australian shares fell by -1.65% over the month, as measured by the ASX 300 Accumulation Index.
- On a market capitalisation basis, large and midcap stocks contributed the most to this loss in April, declining by -1.98% and -1.54% respectively.
- Small and microcaps reversed their recent downward trend, gaining 1.66% and 2.54% respectively to outperform the broader domestic equity market.
- On a sector basis, Energy increased by 8.50% to be the strongest performer in April.
- Healthcare, Information Technology and Financials were laggards of the month, losing -3.92%, -2.92% and -4.67% respectively.

After a strong start to the month, the Australian share market saw a large sell off in late April as investors were concerned over the Australian Prudential Regulator Authority's potential capital requirement restrictions in mortgage lending.

COMMENTARY

After a strong start to the month, the Australian share market saw a large sell off in late April as investors were concerned over the Australian Prudential Regulator Authority's potential capital requirement restrictions in mortgage lending. Many large financial institutions were affected, and as a result the S&P/ASX 50 Leaders Index lost by -1.98% over the month to be the worst performer on a market capitalisation basis.

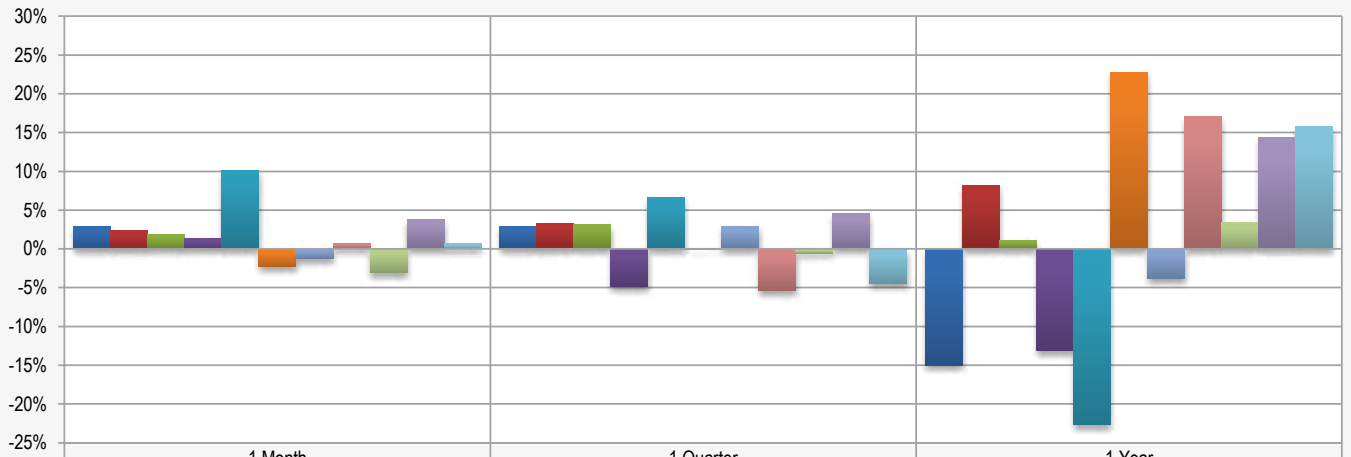
The Westpac Consumer Confidence decreased to 96.2 in April from 99.47 in the previous month while business confidence stayed at very low levels. Domestic manufacturing activities improved by 1.75 points to 48.04 in April, although a reading below 50 indicates a contraction. On the positive side, strong demand from China and rallying commodity prices over the month promoted growth in many of our export related industries.

Many energy companies enjoyed the rebound in oil prices over the month, with the ASX Energy Index increasing by 8.50%. The best performers in this sector included Buru Energy Ltd (+68.75%) and Liquefied Natural Gas Ltd (+44.30%). The investment bank JPMorgan indicated a positive outlook in its recent research note that Buru Energy's share price could grow by as much as 191 percent to 96 cents by end of the year. The two newly announced gas trolling projects has pushed Liquefied share price higher over the month.

The combination of a surging bond yield and speculations about APRA's tougher capital requirement rules hurt many large caps stocks in the financial sector over the month. The largest detractor in April was IMF Bentham Ltd, which saw its share price lowering by -12.44%. The big four banks were all among the worst performers on the ASX over the month with Westpac, ANZ, Commonwealth and NAB losing -7.41%, -7.23%, -4.85% and -4.62% respectively.

After a strong run over the past year, healthcare saw a slowdown in growth in April. Greencross Ltd and Capitol Health were the biggest decliners over the month, falling by -16.77% and -14.49% respectively. Pet care Greencross saw a disruption in the new warehouse management system while the junior healthcare company Capital Health saw a retraction in its share price after expanding over the past five years. Notwithstanding this, the healthcare sector was still the best performer in the past year, gaining 32.90%.

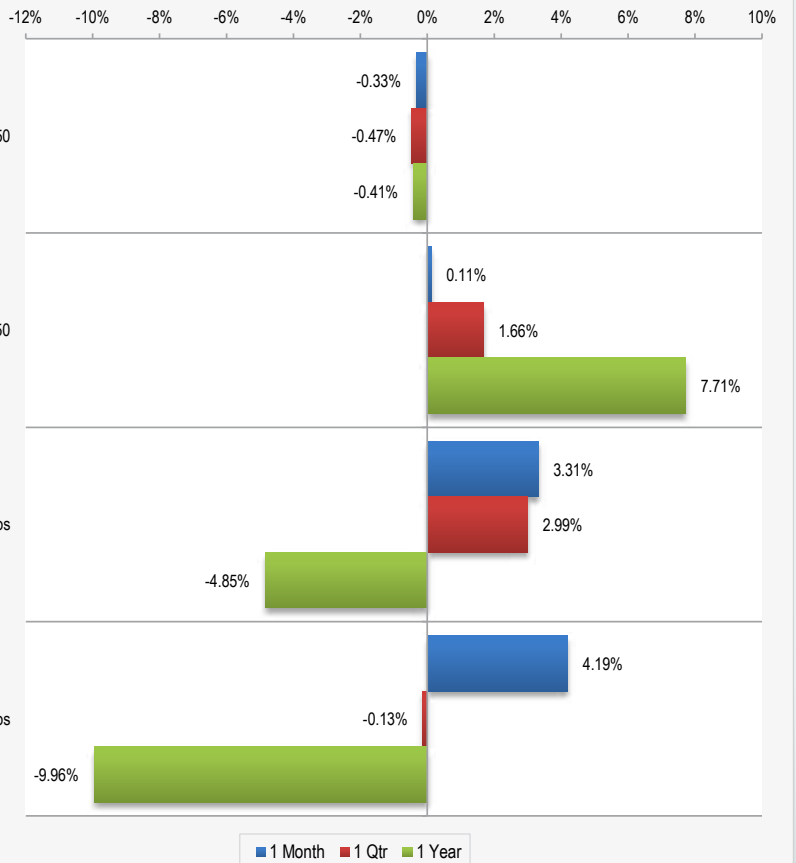
GICs Sector Performance Relative to ASX 300 Accumulation Index



	1 Month	1 Quarter	1 Year
Materials	2.87%	2.88%	-14.97%
Industrials	2.33%	3.23%	8.18%
Cons Disc	1.86%	3.13%	1.13%
Cons Stap	1.36%	-4.86%	-13.10%
Energy	10.15%	6.69%	-22.67%
Healthcare	-2.27%	-0.09%	22.75%
IT	-1.27%	2.94%	-3.83%
Telco	0.72%	-5.34%	17.04%
Fin Ex-AREIT	-3.02%	-0.55%	3.38%
Utilities	3.86%	4.63%	14.40%
Property	0.66%	-4.45%	15.83%

This chart shows GICs Sector performance relative to the ASX 300 Index, over the past 1 month, 1 quarter and 1 year time periods.

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.

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 - Unhedged	MSCI World Ex-Au (\$A)	-0.84	5.31	26.73	24.81	14.44	24.26	8.66
	MSCI World (\$A)	-0.87	5.29	26.18	24.49	14.24	23.84	8.64
	MSCI Small Cap World (\$A)	-2.24	6.00	24.79	25.10	15.16	20.99	9.37
	MSCI AC World (\$A)	-0.33	5.59	26.23	23.12	13.27	23.58	9.22
International Shares - Local Currency	MSCI World ex-Au	1.13	6.59	14.51	16.64	11.57	10.29	5.89
	MSCI World	1.04	6.54	14.34	16.59	11.44	10.30	5.95
	MSCI World Small Cap	0.93	7.36	6.23	14.04	11.41	1.10	5.42
	MSCI AC World	2.90	6.95	7.46	12.24	9.58	3.27	5.28
Regional Shares - Local Currency	MSCI North America	0.97	5.09	12.16	15.59	13.10	7.43	2.30
	MSCI Asia	4.74	11.10	29.14	18.11	9.54	20.65	12.74
	MSCI AC Asia ex-Japan	5.97	8.99	20.90	10.69	8.09	14.36	11.74
	MSCI China	16.65	23.32	48.02	15.00	8.53	37.12	26.09
	MSCI Europe	0.37	7.83	13.15	16.22	9.45	11.74	12.01
	MSCI Emerging Markets	5.68	9.31	17.42	8.63	6.72	11.49	10.86
	MSCI India	-5.15	-6.42	20.12	15.92	8.53	5.74	-0.88
	MSCI Japan	3.32	13.60	39.53	27.99	11.92	28.50	13.90
Global Gold Shares in \$A	FTSE Gold Mines	7.61	-8.50	-1.80	-17.34	-15.01	-6.07	15.84
Global Resources in \$A	HSBC Global Mining	6.93	6.80	-3.46	-5.16	-6.02	-4.03	8.10

SUMMARY OF STATISTICS

- The MSCI World ex-Australia Local Currency Index gained 1.13% in April, while the unhedged equivalent in AUD fell by -0.84% due to an appreciating Australian Dollar.
- Indian shares fell by -5.15% in April to underperform the broader global equity market by -6.28%.
- China stood out to be the best performer in the equity space, soaring 16.65% over the month to take its past year gain to 48.02%.
- There was a rebound in global resource prices over the month with the HSBC Global Mining \$A Index gaining 6.93%. Gold prices recovered by 7.61% in April, taking its calendar year gain to 15.84%.

COMMENTARY

Risky assets in the emerging markets outperformed developed regions over the month, with China taking the lead, soaring 16.65%. International shares overall returned 1.13% in local currency terms. The rebound in commodity prices have given the energy sector a chance to breathe, with the MSCI ACWI Energy Index gaining 7.56% in April. Although the sector has a long recovery road before it comes back to its historical average, it remains the worst performing sector over the past year, losing -10.47%.

The Indian share market was the biggest detractor in April, declining by -5.15%. India is heavily dependent on crude oil imports and thus severely impacted by the rising commodity prices over the month. The uncertainty over the upper house of Parliament's passage of key bills also weighed on sentiment in the country.

China on the other hand saw a strong rally in recent months, despite slower GDP growth and a rising price of its import goods. The Chinese Manufacturing PMI Index remained at 50.10 in April, with a reading above 50 indicating an expansion in manufacturing activities. The services sector purchasing manager index and retail sales have also risen in recent months. The lowered inflation rate, easing monetary policy and investors' preference for shares over real estate in the country have doubled the Shanghai share market returns over the past year. The overall MSCI China Local Currency Index rose 37.12% over the past financial year, making China one of the most attractive regions to have invested.

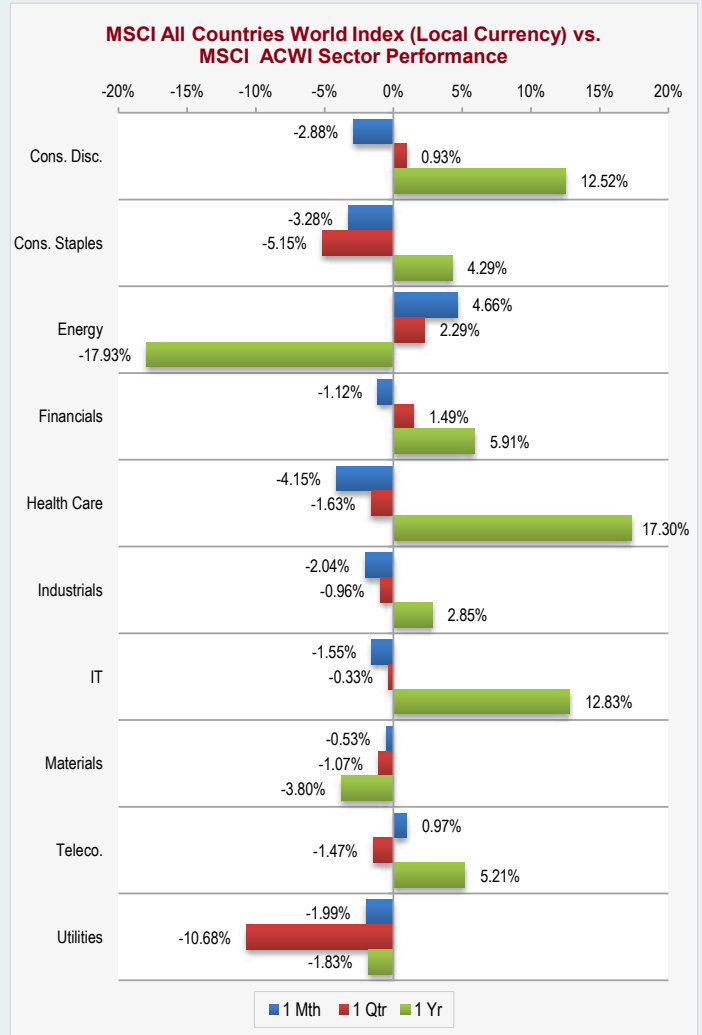
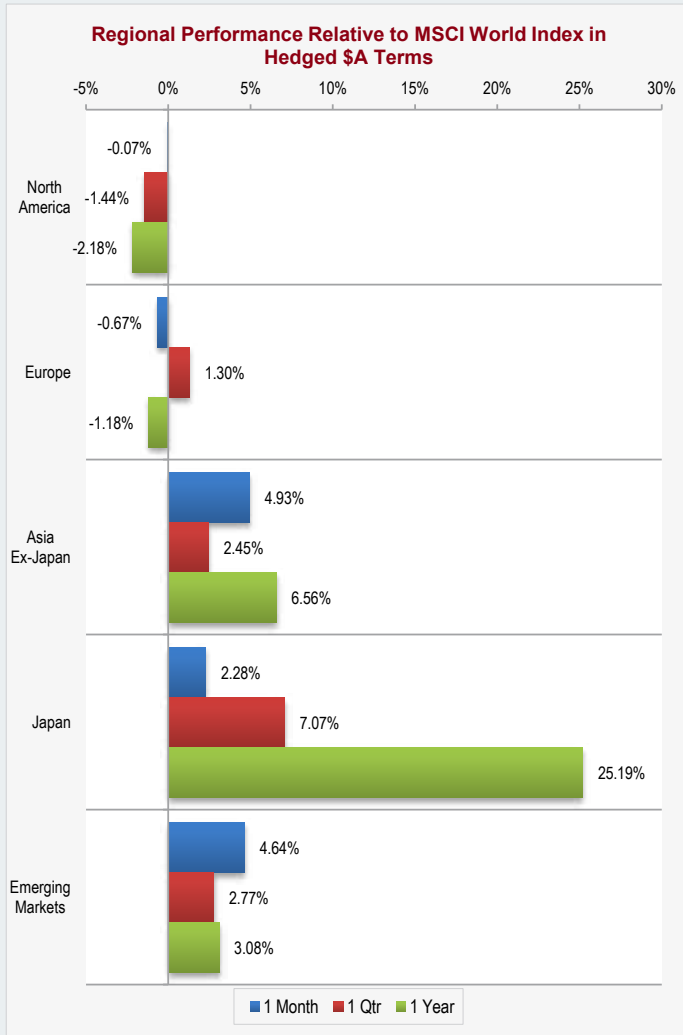
Many neighbouring countries in Asia enjoyed the spill over effect from a robust Chinese equity market, with the MSCI All Country Asia ex-Japan Index increasing by 5.97% over the month. Japan also did well, gaining 3.32% to take its past year return to 39.53%. North America and Europe underperformed their Asian counterparts in April, yet still reported a gain of 0.97% and 0.37% respectively. Manufacturing activities slowed in both regions over the month, although with the PMI Indices remained above the neutral level of 50.

Risky assets in the emerging markets outperformed developed regions over the month, with China taking the lead, soaring 16.65%. International shares overall returned 1.13% in local currency terms.

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	4.55	2.57	-14.06	-8.60	-3.01	-15.28	-2.69
	AUD / EUR	1.81	4.79	6.97	-3.01	0.49	4.23	6.70
	AUD / GBP	0.27	0.31	-6.28	-6.92	-3.11	-6.38	-1.76
	AUD / JPY	3.21	3.08	-0.44	4.16	1.59	-0.81	-3.45

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	0.02	7.88	19.97	18.80	14.55	15.20	7.78
Local Currency	MSCI ACWI Consumer Staples Index	-0.38	1.79	11.75	12.00	10.91	9.90	4.09
	MSCI ACWI Energy Index	7.56	9.24	-10.47	1.18	1.79	-14.73	6.23
	MSCI ACWI Financials Index	1.78	8.43	13.37	15.41	6.06	11.13	5.31
	MSCI ACWI Health Care Index	-1.24	5.32	24.75	23.87	16.80	19.71	8.04
	MSCI ACWI Industrials Index	0.86	5.99	10.30	14.37	8.88	8.06	5.22
	MSCI ACWI IT Index	1.35	6.61	20.28	14.38	11.28	13.31	4.55
	MSCI ACWI Materials Index	2.37	5.87	3.65	2.29	0.26	1.62	7.33
	MSCI ACWI Teleco. Services Index	3.87	5.48	12.66	11.25	7.86	11.00	8.78
	MSCI ACWI Utilities Index	0.92	-3.73	5.62	7.04	2.36	1.53	-1.24

PROPERTY & INFRASTRUCTURE

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Australian Listed Property	S&P/ASX 300 Property	-0.99	0.65	25.98	20.03	13.32	21.86	8.14
	FTSE E/N Australia	-1.22	0.01	25.71	19.43	13.13	21.58	7.77
Global Listed Prop. \$A (H)	FTSE E/N GLOBAL HGD A\$	-2.34	-1.79	20.47	17.29	14.83	15.08	4.68
Global Listed Prop. \$A	FTSE E/N GLOBAL A	-3.11	-1.60	31.23	21.75	14.25	28.24	7.99
	FTSE E/N North America	-8.27	-8.29	31.71	20.59	16.27	29.45	2.55
	FTSE E/N Euro Zone	-1.90	-0.34	26.18	27.18	14.22	18.94	11.57
	FTSE E/N UK	0.53	3.66	31.96	34.36	20.41	32.86	12.97
	FTSE E/N Developed Asia	0.67	3.72	28.65	21.49	12.08	22.91	10.73
	FTSE E/N Japan	-1.38	6.57	21.33	24.27	13.18	12.02	9.34
Australian Listed Infra.	S&P/ASX 300 Utilities	2.21	9.73	24.56	17.85	15.27	19.96	16.32
Global Listed Infra. \$A (H)	UBS Global Infra. & Utilities	1.85	2.40	22.17	21.28	15.37	15.59	7.19
Global EM Listed Infra - \$A (H)	UBS EM Infra. & Utilities	6.27	8.38	23.91	10.13	4.89	13.67	12.45

SUMMARY OF STATISTICS

- Australian listed property declined by -0.99% over the month, as measured by the ASX 300 Property Index.
- GREITs slightly underperformed AREITs in April, with the FTSE EPRA NAREIT Developed Total Return \$A Hedged Index falling by -2.34%.
- North America significantly lagged behind in the property market over the month, declining by -8.27%.
- Listed infrastructure rose in both domestic and global markets with the Emerging Markets being the best performer, increasing by 6.27%.

COMMENTARY

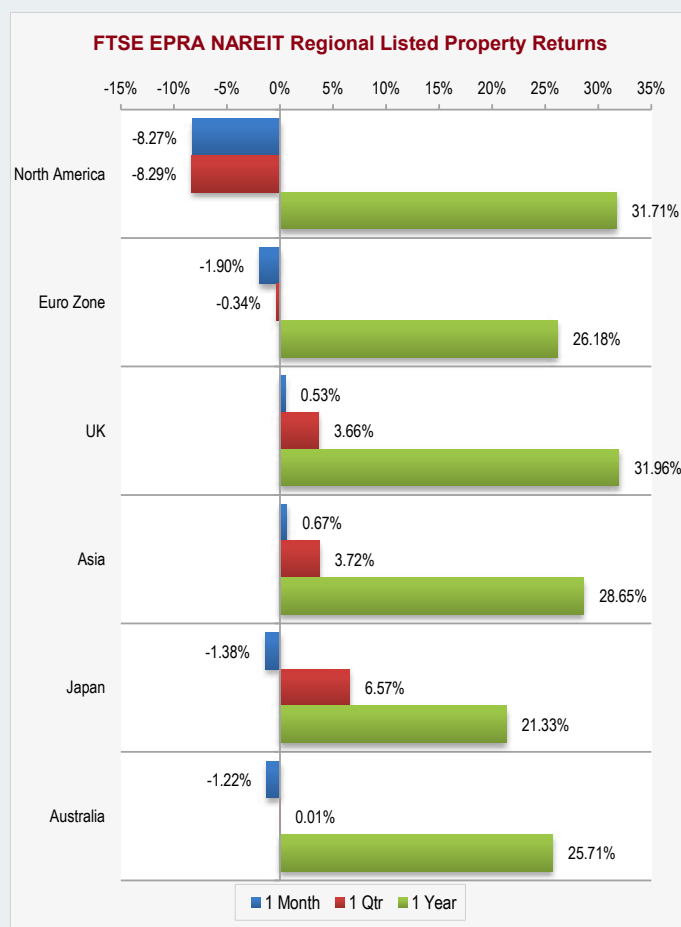
AREITs and GREITs were both down in April with the ASX 300 Property Index slightly outperforming the FTSE EPRA NAREIT Developed Total Return \$A Hedged Index by 1.35%.

In the Australian Property Market, Investa Office Fund and GPT Metro Office Fund were the most significant detractors, falling by -4.62% and -4.15% respectively. Speculation over the potential merger between the two companies lowered investor sentiment over the month.

On a regional basis, North America listed properties declined by -8.27% over the month to be the worst performing region in April. The index above is measured in unhedged Australian Dollar, thus partly influenced by the rising AUD against a depreciating USD in April.

Listed infrastructure was up in most countries with Emerging Markets outperforming developed countries, similar to what was observed in the broad equity market.

This chart shows Regional performance relative to the FTSE EPRA/NAREIT Index over 1 month, 1 quarter and 1 year time periods.



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