

Market Indicators

Market	Indicator	End of Month	Previous Month	1 Month Change	12 Months Ago	12 Month Change
Interest Rates	Overnight Cash	4.75	4.75	0.00%	3.75	1.00%
	3 Month BBSW	4.95	4.94	0.01%	4.15	0.80%
	10 Year Bond	5.50	5.53	-0.03%	5.49	0.02%
Australian Shares	All Ords	4922.60	4850.00	1.47%	4651.10	5.52%
	S&P/ASX 200	4831.66	4753.90	1.61%	4637.70	4.01%
Regional Shares	Dow Jones Industrials (US)	12226.34	11891.93	2.74%	10325.26	15.55%
	S&P 500 (US)	1327.22	1286.12	3.10%	1104.49	16.78%
	FTSE 100 (UK)	5994.01	5862.94	2.19%	5354.52	10.67%
	TOPIX (Japan)	951.27	910.08	4.33%	894.10	6.01%
Property	Hang Seng (Hong Kong)	23338.02	23447.34	-0.47%	20608.70	11.69%
	ASX 300 A-REITS Index	868.10	848.00	2.32%	859.20	1.03%
	US\$ Gold Price	1411.48	1332.80	5.57%	1117.60	20.82%
	US\$ Oil Price – W Texas Crude	96.97	92.19	4.93%	79.66	17.85%
Exchange Rates	US\$ CRB Spot Commodity Index	565.78	554.45	2.00%	427.52	24.44%
	AUD / USD	1.0178	0.9982	1.93%	0.8954	12.03%
	AUD / EUR	0.7379	0.7287	1.25%	0.6570	10.96%
	AUD / GBP	0.6263	0.6226	0.59%	0.5876	6.18%
	AUD / JPY	83.30	81.82	1.78%	79.66	4.37%
Volatility	TWI	75.50	74.00	1.99%	69.50	7.95%
	VIX Index	18.35	19.53	-1.18%	19.50	-1.15%

Key Points:

- In February the Australian Dollar (AUD) performed strongly against major currencies, with the strongest gains against the USD (1.93%) and the Yen (1.78%). On a trade weighted basis the AUD finished the month 1.99% higher.
- The RBA Board once again left the cash rate unchanged at 4.75% (on March 1st). After an initial rally, bond prices fell on the back of political uncertainty in the Middle East; the 10 year bond yield finished the month 0.03% lower.
- The Australian market rose in February with the S&P/ASX 300 Index closing 2.31% higher. The ASX top 50 (+2.43%) and micro caps (+3.51%) led the rest of the market, while midcaps and small companies lagged, with gains of 2.26% and 1.28%, respectively.
- Global equities markets rallied strongly early in the month, however these gains were shed after political unrest in North Africa and the Middle East erupted mid month. The MSCI World Index ex-Aus closed the month 1.29% higher, on an unhedged basis. The US market performed the strongest on a regional basis, with gains of 1.50%.
- The Oil Price rose 4.93%, largely on the back of political unrest in Libya, a significant producer of oil.
- Gold rose 5.57%, closing the month at US\$1,411.48.
- Volatility remained relatively flat, with the VIX Index decreasing by 1.18%.

Cash, Fixed Interest & Credit

Zenith Benchmarks	Index	Past			3 Yr	5 Yr	Fin Yr To	Cal Yr to
		1 Mth	Qtr	1 Yr	p.a.	p.a.	Date	Date
Australian Cash	UBSA Bank Bill	0.37	1.23	4.78	5.11	5.67	2.84	0.80
Australian Bonds	UBSA Australia Composite All Maturities	0.42	1.38	5.51	7.70	5.89	2.17	1.35
International Bonds	Barclays Global Aggregate (AUD Hedged) *	0.18	-0.60	2.93	4.38	4.78	-0.35	-0.13

Summary of Statistics:

- **Australian Cash** returned 0.37% in February, returning 4.78% for the past 12 months.
- **Australian Bonds** rose by 0.42% in February represented by the UBS Composite All Maturities Index. Australian 10 year government bonds were yielding 5.50%, down slightly from 5.53% last month and relatively flat from one year ago.
- **International Bond prices** rose by 0.18% in February, as measured by the Barclays Global Aggregate (Hedged \$AUD) Index. Bond yields in the major markets were mixed, falling in the US by 0.05%, whilst in the UK and Japan Bond yields rose by 0.21% and 0.08% respectively.
- In the **Global Corporate Debt Market** high yield debt continued to be the strongest with spreads falling by 0.21%, down 2.09% from one year ago. Investment Grade and Emerging market credit spreads remained relatively flat.

Commentary:

February was heavily influenced by the political unrest that erupted in the Middle East. Early month, bonds were sold off in the US (and subsequently in the Australian Market), as strong economic data emerged from the US, creating a positive outlook for a sustained recovery. Of note, US employment dropped to 9.0%, down from 9.4%. However, after trouble escalated in the Middle East mid-month, investors retreated back to the security of bonds, reversing early month trading.

Although mixed, Australian economic data released during February failed to deliver any major shocks. The unemployment rate remained steady at 5.00%, with 24,000 jobs created, retail sales were slightly down on expectation, while building approvals rose considerably by 8.70%. The RBA held the cash rate at 4.75%, on 1st of March, in line with market expectations.

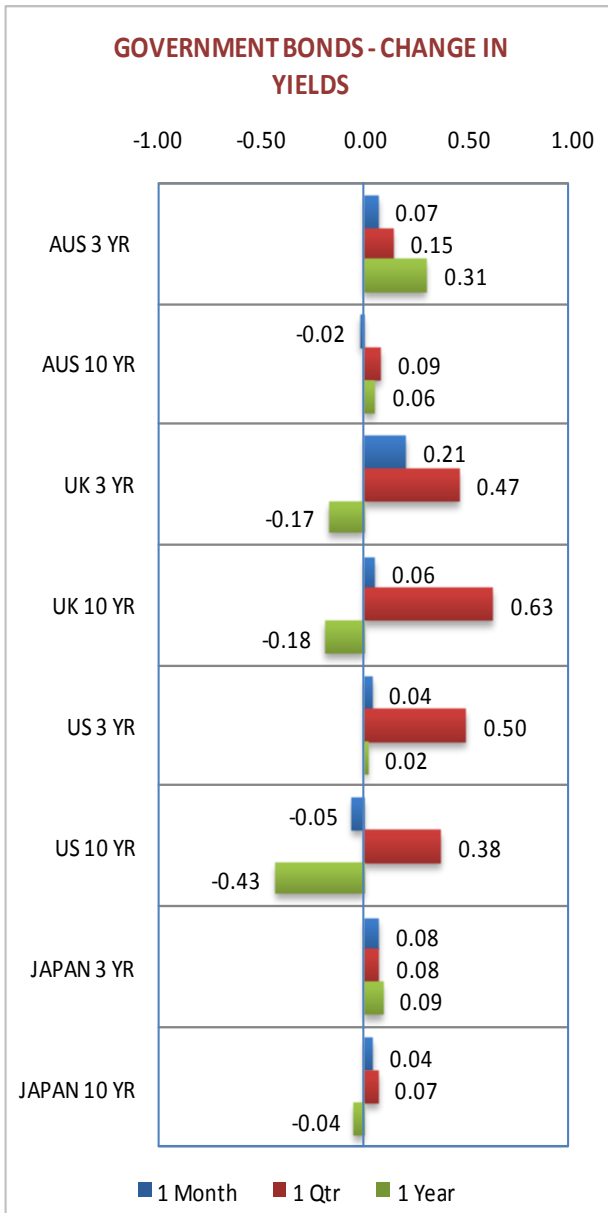
Australian inflation is at a potential tipping point, with rising fruit and vegetable prices (as a result of Queensland and Victorian floods) adding to a rise in the oil price (due to political unrest in the Middle East).

Surprisingly, unlike bonds, corporate credit was relatively unaffected by events in the Middle East, focusing on stronger than expected economic data from the US. High Yield was the strongest performer during the month, showing investor appetite for 'riskier' assets remained strong.

The Australian Big 4 banks were surprised during the month when Moody's rating agency changed its sector outlook to review for downgrade. Moody's stated "The review will focus on the Australian banking system's structural sensitivity to conditions in the wholesale funding market". The results of the review are likely to be known in a few months time.

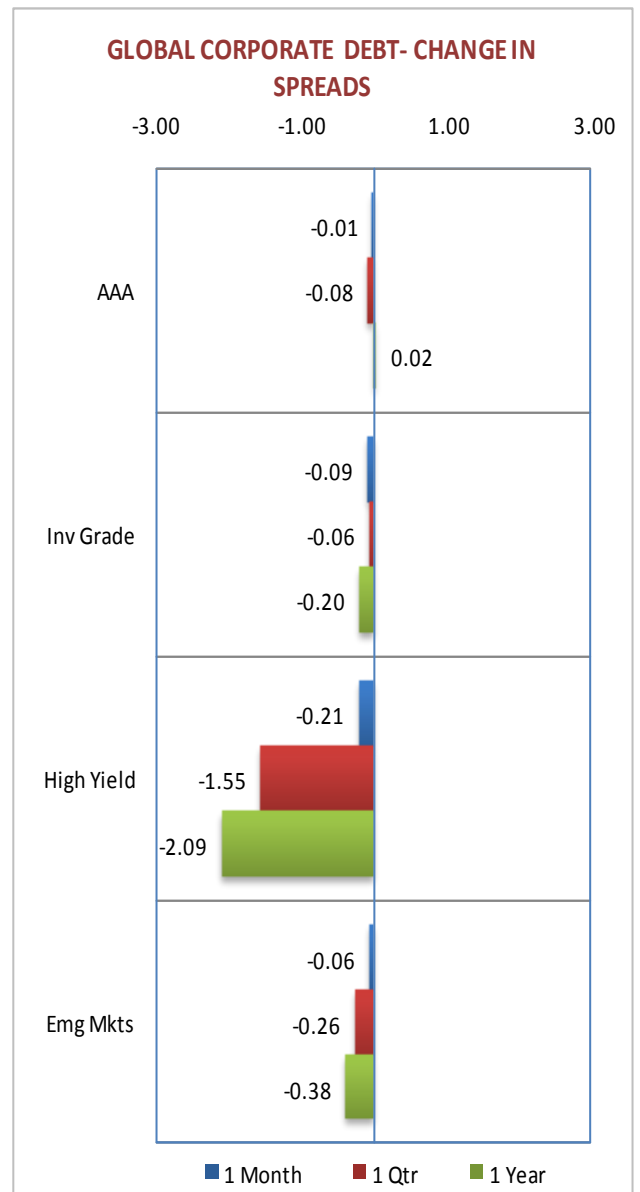
*Zenith has converted USD data to AUD series using 3-month forward rates

Cash, Fixed Interest & Credit (cont)



This chart shows the change in Government Bond yields over the past 1 month, 1 quarter and 1 year. A negative change in yields indicates a rise in Bond prices. Country weightings for the Barclays Global Aggregate Index, as at 31 May 2010 were as follows: Aus 1%; UK 6%; US 26%; Japan 33%.

This chart shows the change in Global corporate debt spreads over the past 1 month, 1 quarter and 1 year. A negative change in spreads indicates a rise in corporate debt security prices and vice versa.



Australian Shares

Zenith Benchmarks	Index	Past		3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date	
		1 Mth	Qtr					
Australian Shares	S&P/ASX 300	2.31	6.28	8.99	-0.27	4.03	11.10	2.41
Australian Shares - Market Cap	ASX 50 Leaders	2.43	6.28	7.28	0.93	4.29	9.57	3.07
	ASX Midcap 50	2.26	6.50	12.45	-4.99	2.63	13.95	0.52
	ASX Small Ordinaries	1.28	6.07	21.57	-2.43	4.12	22.32	-0.93
	S&P/ASX Emerging Companies	3.51	9.73				42.58	1.79
Australian Shares - GICS Sectors	S&P/ASX 300 Materials	3.70	7.26	23.57	0.59	11.74	21.00	0.47
	S&P/ASX 300 Industrials	1.25	3.65	4.29	-7.35	-1.54	14.34	1.29
	S&P/ASX 300 Consumer Discretionary	1.92	3.17	0.88	-7.62	-2.18	4.71	2.62
	S&P/ASX 300 Consumer Staples	1.15	4.48	9.89	5.97	11.88	9.63	3.63
	S&P/ASX 300 Energy	3.84	7.16	16.50	6.08	12.21	15.71	2.49
	S&P/ASX 300 Healthcare	-3.18	0.60	4.75	1.86	7.35	9.11	-2.59
	S&P/ASX 300 Information Technologies	-2.78	-1.52	-10.94	4.07	6.50	-0.95	-6.60
	S&P/ASX 300 Telecommunication	4.33	4.63	5.83	-6.27	3.59	-0.83	5.33
	S&P/ASX 300 Financials ex Property	2.66	8.77	4.69	7.14	4.40	9.00	5.13
	S&P/ASX 300 Utilities	-2.43	-2.30	3.80	-3.06	-0.88	3.94	-4.23
	S&P/ASX 300 Property	3.35	7.06	6.78	-14.00	-9.18	7.31	5.79

Summary of Statistics:

- Australian shares rallied in February, returning 2.31%, as measured by the S&P/ASX 300 Accumulation Index. On a market capitalisation basis, emerging companies performed the strongest, returning 3.51% for the month. Small Ordinaries companies lagged, returning 1.28%.
- Telecommunication led the way on an industry basis with a 4.33% gain. Healthcare declined the most, dropping 3.18%
- On a market cap basis, the S&P/ASX Emerging Companies index performed strongest with a 3.51% gain, followed by the ASX 50 Leaders with 2.43%.

Commentary:

Earnings season wrapped up in February; first half profits for the FY2010/11 were relatively good, but failed to impress analysts overall.

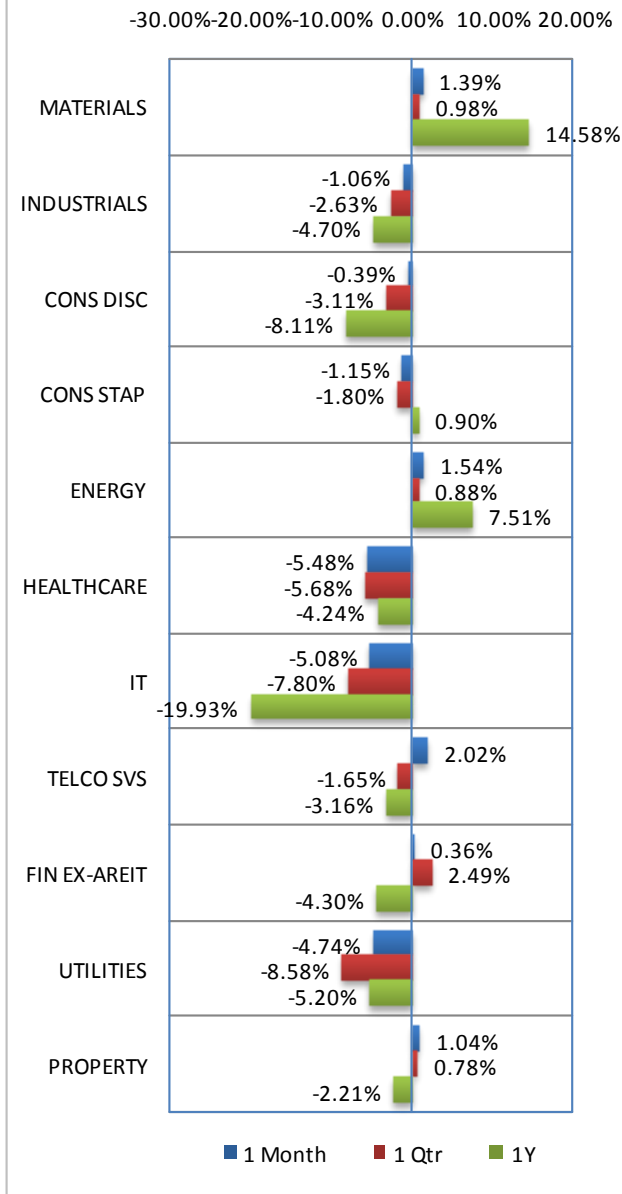
It was a relatively busy month for the big miners, RIO Tinto surprised investors by doubling its full year dividend, whilst also announcing a \$5bn share-buyback, 20 months after raising approx. \$18bn in equity. BHP Billiton also announced it would increase its share-buyback scheme by \$6bn (new total \$10bn). BHP remained in the news with its \$4.75bn acquisition of Chesapeake Energy Corp., a US based shale Gas Company. BHP stated that the acquisition is consistent with its strategy of "investing in large, long-life, low cost assets with significant volume growth from future development."

Telstra, the largest weighting in the Telecommunications Sector, reported first half profits were down 35.6%. The company affirmed its FY11 guidance as a "high single-digit" decline in EBITDA, in line with analyst forecasts. The company payed an 14 cent interim dividend for the half year.

In acquisition news, Woolworths acquired Cellarmasters for \$340 million. Cellarmasters is a wine retailer and provider of contract bottling and wine services, expanding on the company's liquor department Dan Murphy's.

Australian Shares (cont)

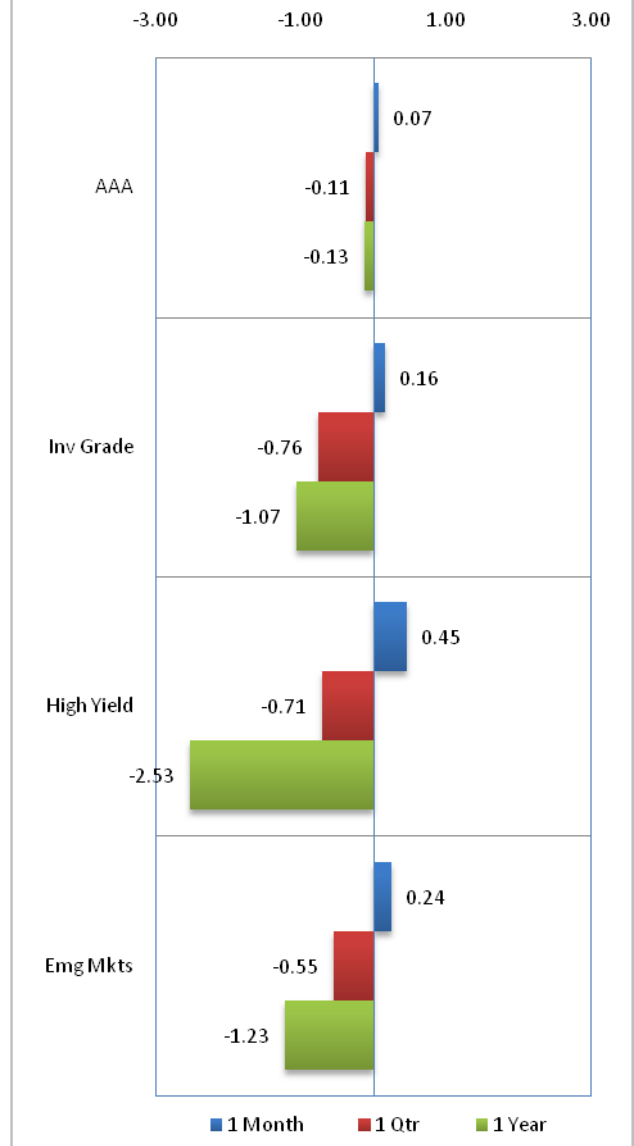
GICs SECTOR PERFORMANCE RELATIVE TO ASX 300 ACCUMULATION INDEX



This chart shows market capitalisation segmental performance relative to the ASX 300 Index. Please note the ASX Emerging Companies Index, as represented by Micro Caps in this chart has less than 1 year's performance history.

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%.

GLOBAL CORPORATE DEBT- CHANGE IN SPREADS



International Shares

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
International Shares in A\$	MSCI World Ex Au Unhedged A\$	1.29	7.03	7.00	-3.16	-3.77	7.80	6.69
	MSCI World A\$	1.34	7.01	7.00	-3.02	-3.55	7.88	6.54
	MSCI Small Cap World Ex Aus	3.98	14.66	30.71	4.66	2.43	26.52	5.10
International Shares - Regional in A\$	MSCI North America	1.50	6.48	8.23	-0.95	-3.34	8.96	6.63
	MSCI Asia	-1.98	-0.05	4.43	-3.36	-3.87	2.76	0.31
	MSCI AC Asia ex-Japan	-5.88	-5.40	6.03	-2.03	3.46	-0.64	-4.19
	MSCI China	-3.86	-8.66	-3.74	-4.82	8.98	-7.26	-1.67
	MSCI Europe	1.12	9.59	6.34	-6.43	-3.30	6.62	8.07
	MSCI Emerging Markets	-3.00	-2.75	6.33	-2.29	2.93	0.20	-2.98
	MSCI India	-3.82	-13.45	-5.36	-6.63	5.08	-11.06	-14.03
	MSCI Japan	2.37	6.11	3.15	-4.57	-8.32	6.63	5.39
International Shares - Hedged	MSCI World ex Au Local Currency	2.94	11.03	17.92	-0.40	0.71	17.77	5.00
International Shares - Gold Shares in A\$	FTSE Gold Mines	6.19	-5.58	14.90	0.43	4.34	6.63	-3.57
International Shares - Global Resources in A\$	HSBC Global Mining	1.81	4.09	20.61	-2.19	10.02	19.66	-0.78

Summary of Statistics:

- **International Shares (ex-Australia)** rose 1.29% in February on an unhedged basis, and rose 2.94% from a local currency perspective.
- The **FTSE Gold Mines Index**, which reflects gold mining stocks globally, rallied 6.19% for the month.
- On a **Regional** basis, North American stocks led the rest of the world, up 1.50%. Asian stocks lagged, with China and India falling 3.86% and 3.82% respectively.

Commentary:

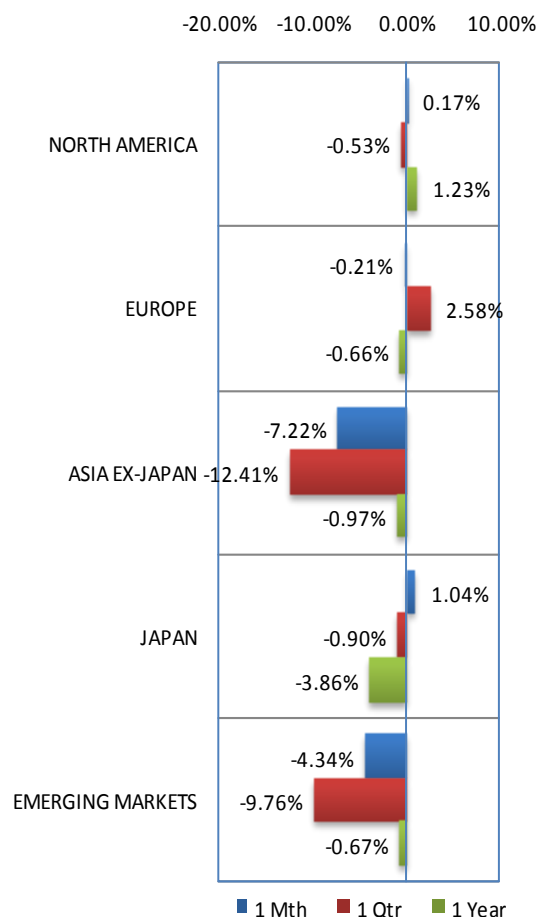
Global equities were quick off the mark, with strong gains in the early part of the month, largely on the back of US economic data surpassing expectations. However, markets shed some of their gains mid-month when political unrest in neighbouring countries Egypt and Libya became prevalent.

On Feb 18, when news of Libya, an oil rich country, came to a furor, Texas Crude Oil price jumped 7.88%. The rise in the oil price is likely to heighten inflation concerns globally, particularly in emerging market economies.

The US market outperformed its global peers during the month, propelled by solid manufacturing data, sustained consumer spending and the addition of 187,000 jobs in the private sector.

In company specific news, global book retailer Borders Group filed for bankruptcy, entering into agreements with liquidators to close 200 of its underperforming stores. Borders Australia's (a separate private company) move into voluntary administration wasn't linked to the US based Borders Group.

REGIONAL PERFORMANCE RELATIVE TO MSCI WORLD INDEX IN UNHEDGED \$A TERMS



This chart shows Regional performance relative to the MSCI World Index in Unhedged \$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%. Note Emerging Markets is not part of the index.

Property & Infrastructure

Zenith Benchmarks	Index	1 Mth	Past Qtr	1 Yr	3 Yr p.a.	5 Yr p.a.	Fin Yr To Date	Cal Yr to Date
Australian Listed Property	S&P/ASX 300 Property	3.35	7.06	6.78	-14.00	-9.18	3.66	6.78
Global Listed Property - Hedged in A\$	FTSE E/N Dev	2.38	8.68	22.87	-6.60	-5.57	16.11	22.87
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Utilities	3.00	9.85	16.30	-0.20	4.74	12.36	16.30
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	-2.10	-3.24	0.58	-2.65	3.80	-5.52	0.58

Summary of Statistics:

- In February **Australian Listed Property** returned 3.35%, outperforming **Global Listed Property's** 2.38% increase.
- **Global Listed Infrastructure** returned 3.00%, outperforming **Global Emerging Markets Listed Infrastructure** which fell 2.10% for the month.

Commentary:

The S&P/ASX 300 Property Index built on January's gains with a 3.35% rise in February, outperforming the global property sector, which rose 2.38%.

In company specific news, Charter Hall Retail REIT (CQR) announced a share buyback of up to \$20m, the first AREIT to announce a buyback since the GFC. Mid-month, Commonwealth Property Office Fund followed suit and announced it was considering a share buyback, after profits in the company soared 265% from one year ago.

Lend Lease announced an interim distribution of 2.20%, after it paid no distributions in the December quarter.

Dexus Property Group returned to profit and increased its FY11 guidance, despite a drag from its offshore assets.

The FTSE E/N Developed Index (hedged \$AUD) returned 2.38%, with the UK market performing the strongest, up 9.15%.

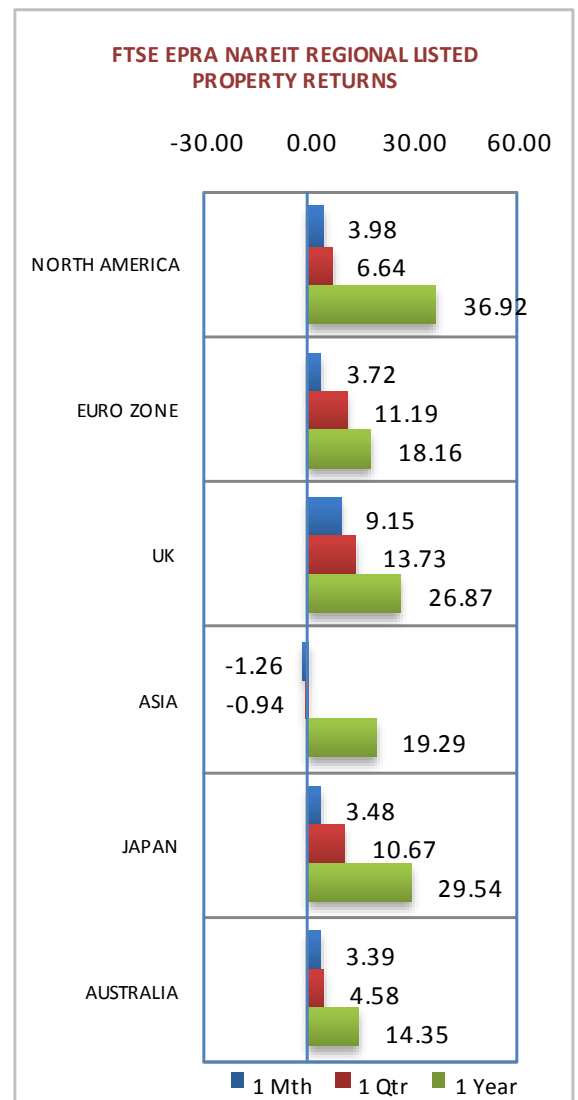
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This chart shows Regional performance relative to the FTSE EPRA/NAREIT Index, over 1 month, 1 quarter and 1 year time periods. Regional weightings for the FTSE Index, as at 31 May 2010 were as follows: North America 46%; Europe ex-UK 10%; UK 5%; Asia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



Data source: Bloomberg

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