

## 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 (%)	3.50	3.50	0.00	4.75	-1.25
	3 Month BBSW (%)	3.98	3.99	-0.01	4.85	-0.87
	10 Year Bond Rate (%)	3.01	3.01	0.00	4.38	-1.37
<b>Australian Shares</b>	All Ordinaries Index	4339.02	4289.38	1.16%	4369.90	-0.71%
	S&P/ASX 200	4316.11	4269.15	1.10%	4296.50	0.46%
<b>Property</b>	ASX 300 A-REITS Index	900.60	912.60	-1.31%	788.90	14.16%
<b>Regional Shares</b>	Dow Jones Industrials (US)	13090.84	13008.68	0.63%	11613.53	12.72%
	S&P 500 (US)	1406.58	1379.32	1.98%	1218.89	15.40%
	FTSE 100 (UK)	5711.48	5635.28	1.35%	5394.53	5.88%
	STOXX 50 (EUR)	266.23	261.38	1.86%	237.43	12.13%
	TOPIX (Japan)	731.64	736.31	-0.63%	770.60	-5.06%
	Hang Seng (Hong Kong)	19482.57	19796.81	-1.59%	20534.85	-5.12%
	<b>Commodities</b>	US\$ Gold Price	1692.01	1614.30	4.81%	1825.72
	US\$ Oil Price – W Texas Crude	96.47	88.06	9.55%	88.81	8.63%
	US\$ CRB Spot Commodity Index	490.70	480.83	2.05%	544.28	-9.84%
<b>Exchange Rates</b>	AUD / USD	1.03	1.05	-1.82%	1.07	-3.64%
	AUD / EUR	0.82	0.85	-3.93%	0.74	10.40%
	AUD / GBP	0.65	0.67	-3.04%	0.66	-1.14%
	AUD / JPY	80.92	82.14	-1.49%	81.97	-1.28%
	TWI	77.00	78.90	-2.41%	76.50	0.65%
<b>Volatility</b>	VIX Index %	17.47	18.93	-1.46%	31.62	-14.15%

### Key Points:

- The Reserve Bank of Australia (RBA) kept the overnight cash rate steady at 3.50% in the August (and more recent September) board meeting.
- The 3 month Bank Bill Swap Rate was largely unchanged in August, falling by a single basis point (bp).
- 10 Year Bond Rates also stayed steady, ending the month priced at 3.01%, down 1.37% over the past 12 months.
- Australian Shares had a positive month, with the All Ordinaries Index rising 1.16%, while the S&P/ASX200 Index gained 1.10%.
- Australian Listed Property was down in August, falling 1.31%, as measured by the ASX 300 A-REITS Index.
- US and European equity markets performed well in August, while Asian markets, represented by Topix in Japan and Hong Kong's Hang Seng were down. The US market as represented by the S&P 500 was the strongest regional performer, rising by 1.98%.
- Gold (+4.81%) and Oil (+9.55%) were up strongly in August, while the more broad CRB Spot Commodity Index up 2.05%.
- The Australian Dollar (AUD) fell against all major currencies, falling most against the European Currencies (-3.93% against Euro and -3.94% against the Pound).
- Volatility fell in August by 1.46% as measured by the VIX Index.

## Cash, Fixed Interest & Credit

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	0.30	0.88	4.44	4.55	5.17	0.59	2.78
<b>Australian Bonds</b>	UBSA Australia Composite All Maturities	0.63	0.84	9.49	8.56	8.06	1.00	6.44
<b>International Bonds</b>	Barclays Global Aggregate (\$A Hedged)	0.54	2.31	10.47	9.44	9.33	2.17	7.14

### Summary of Statistics:

- **Australian Cash** returned 0.30% in August, as measured by the UBSA Bank Bill Index, gaining 4.44% over the past year.
- **Australian Bonds** gained 0.63% in August, as measured by the UBSA Australia Composite All Maturities Index, to post a return of 9.49% over the past 12 months.
- **International Bonds** gained 0.54% in August, to end the past 12 months 10.47% higher, as measured by the Barclays Global Aggregate (\$A Hedged).
- **International Corporate Debt** improved across most all risk classes, with spreads contracting (implying price rises) the most in Investment Grade and High Yield Debt sectors.

### Commentary:

In August, the RBA Board left the cash rate unchanged at 3.50% (same occurred in September). The Board was of the view that global GDP will grow at average pace for the remainder of 2012 but believes there are clear potential downside risks that need to be monitored. The key concerns cited were contracting growth in Europe and weaker economic indicators in China.

Given that domestic growth is at near trend levels and inflation is being contained at approximately 2.0%p.a., the Board judged that maintaining the current monetary policy setting was appropriate. While cash rates have now remained steady since June, bond markets are still pricing in a further 50 basis points of cuts for the remainder of 2012.

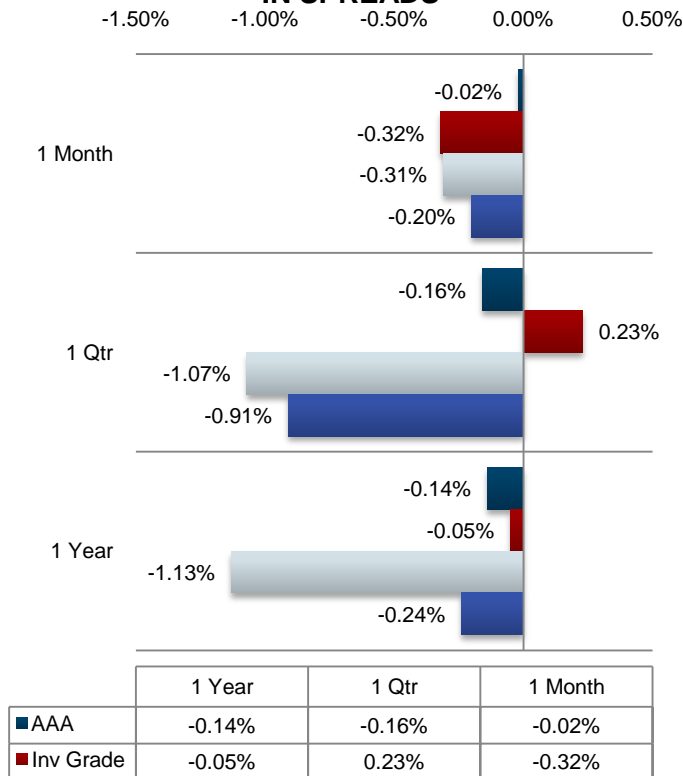
Bond markets were volatile during August but most markets reversed intra-month trends to end close to their starting values. The Australian 10-year government bond yield was a strong case in point, increasing sharply in the first half of August hitting a high of 3.44%, before falling back to its starting value of 3.01% by the end of the month.

In the first 3 weeks of August, US 10 Year Treasuries were up 36 basis points to 1.83%, 10 Year German Bund was up 34 basis points to 1.61%. However, as investor uncertainty resurfaced later in the month, a stronger bid for safe haven assets reversed most of this steepening. By month end, US 10 Year Treasuries were only 8 bps higher at 1.55%, and German 10 Year bunds 4 bps higher at 1.33%.

Globally, credit spreads tightened throughout August on the hopes of a potential European bailout plan, and expectations of another Bernanke Quantitative Easing Program. At the end of the month, Spain's second largest region Catalonia requested a EUR5bn bailout, and this dampened sentiment. The Australian iTraxx (Australian Corporate Index) was impacted by the fall in iron ore price over the month of August – the commodity was down 24% for the month.

## Cash, Fixed Interest & Credit

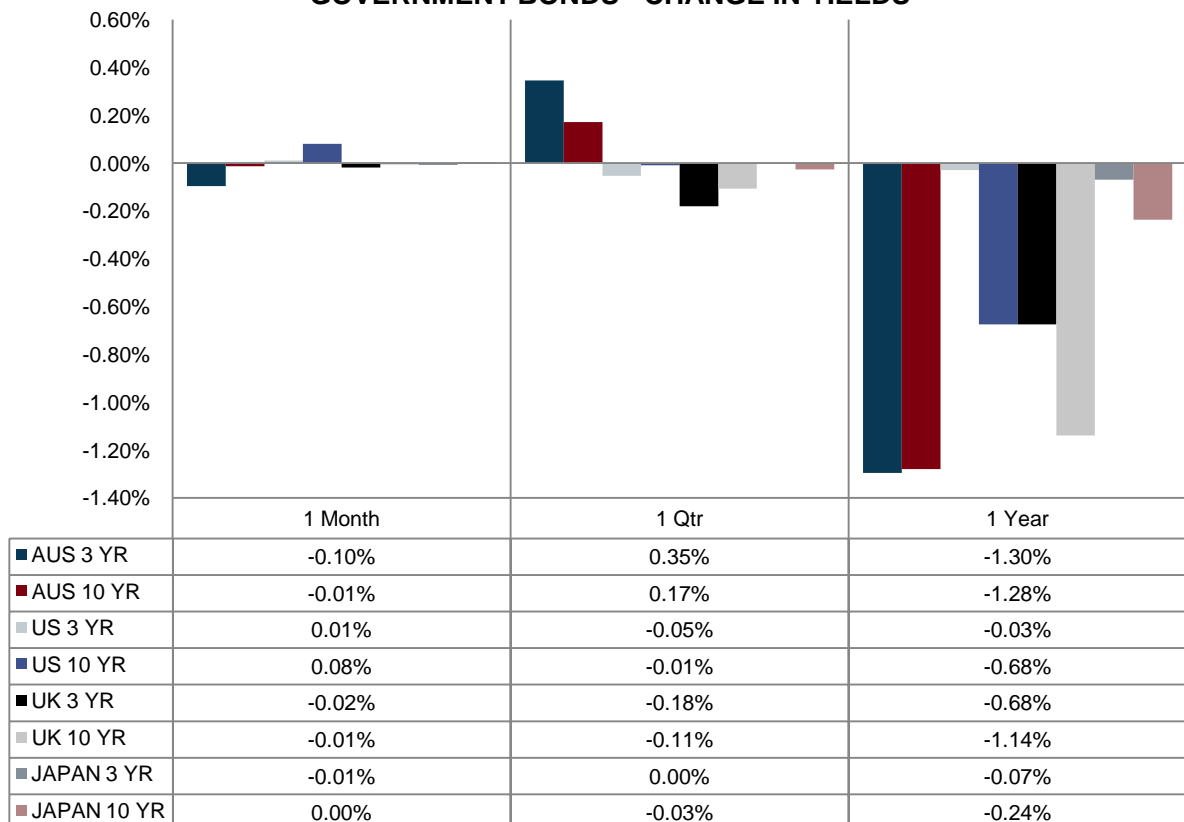
### GLOBAL CORPORATE DEBT- CHANGE IN SPREADS



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

This chart shows the change in Government Bond yields over the past one month, one quarter and one 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: Australia 1%; UK 6%; US 26%; Japan 33%.

### GOVERNMENT BONDS - CHANGE IN YIELDS



## Australian Shares

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	2.14	7.00	4.98	3.03	-2.98	6.43	9.76
	S&P/ASX 50 Leaders Index	2.24	9.05	8.29	3.97	-1.81	7.38	11.77
	S&P/ASX Midcap 50 Index	0.59	-1.74	-5.90	-1.20	-7.13	1.48	1.81
	S&P/ASX Small Ordinaries Index	2.95	-2.16	-11.08	-0.69	-7.47	2.76	0.07
	S&P/ASX Emerging Companies Index	2.67	-6.54	-13.72			1.07	-4.33
<b>GICS Sectors</b>	S&P/ASX 300 Materials	-0.99	-5.14	-23.96	-2.78	-4.31	-1.65	-10.40
	S&P/ASX 300 Industrials	2.31	-2.42	2.92	1.09	-8.89	2.40	2.41
	S&P/ASX 300 Consumer Discretionary	1.61	3.27	11.31	0.87	-8.57	3.99	13.75
	S&P/ASX 300 Consumer Staples	6.44	15.26	22.98	13.06	7.18	13.76	23.08
	S&P/ASX 300 Energy	4.30	0.30	-5.33	-6.25	0.89	6.97	1.29
	S&P/ASX 300 Healthcare	6.12	13.51	33.61	9.59	5.02	10.74	29.10
	S&P/ASX 300 Information Technologies	10.73	14.43	15.92	-1.23	-2.09	16.21	20.64
	S&P/ASX 300 Telecommunications	1.31	13.64	40.94	18.48	8.37	9.70	29.08
	S&P/ASX 300 Financials ex Property	3.69	16.52	23.43	8.31	1.26	11.15	21.59
	S&P/ASX 300 Utilities	0.63	5.40	21.74	14.76	-0.40	6.41	16.53
	S&P/ASX 300 Property	-0.14	9.95	21.50	7.79	-12.04	5.40	22.63

### Summary of Statistics:

- The Australian share market posted further gains in August with the S&P / ASX 300 rising 2.14%, and is now up 9.76% for the Calendar Year.
- On a market capitalisation basis, small cap companies performed the strongest with the **S&P/ASX Small Companies Index** gaining 2.95% for the month. The Midcap 50 Index was poorest performer rising by 0.59% for the month.
- On a sector basis, the **Information Technology** (+10.73%), **Consumer Staples** (+6.44%) and **Healthcare** (+6.12%) GICS sectors were the best performers while the **Materials** sector continues to underperform, falling -0.99% for the month.

### Commentary:

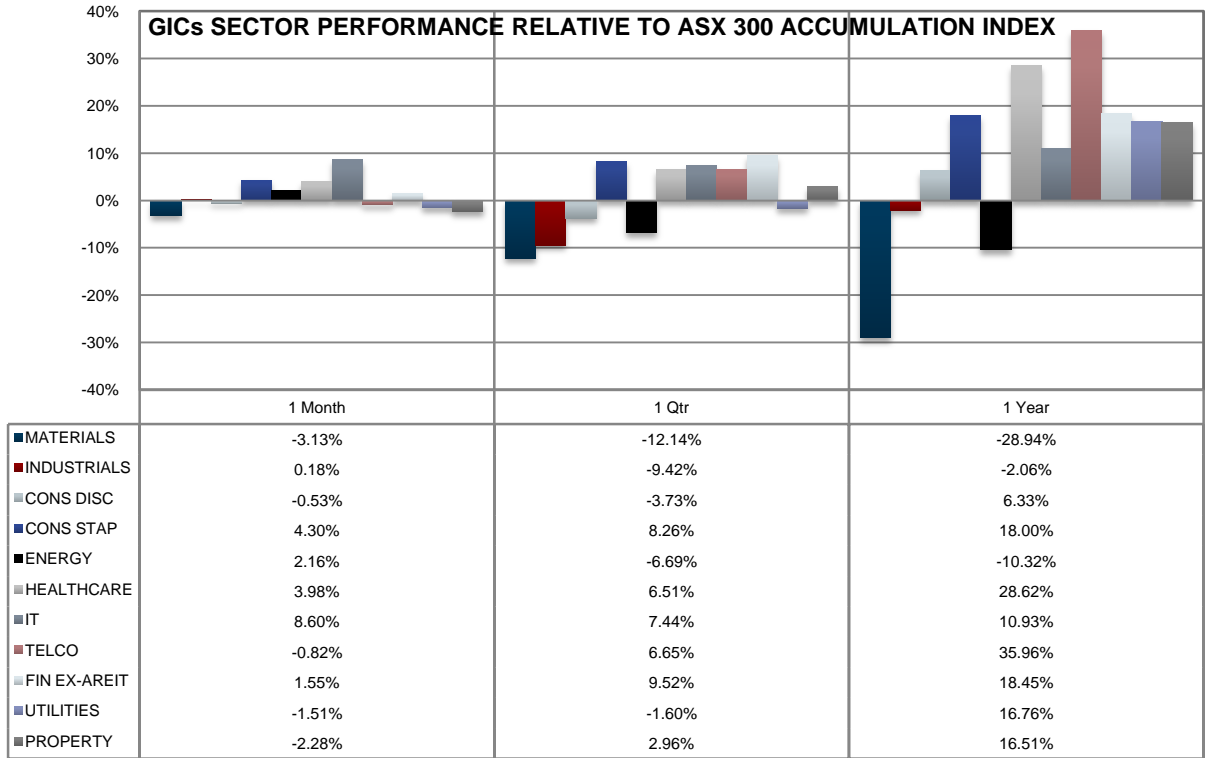
Equity markets generally continued to rise through August on rising hopes for another round of Quantitative Easing from the Federal Reserve and bond buying from the ECB. The Materials sector underperformed its global counterparts and was one of the worst performing sectors domestically due to the sharply falling iron ore price.

Company earnings announcements for the 2011/12 financial year were the key focus for investors in the Australian share market during August. The subdued tone of outlook statements was the clearest message from the latest round of releases. The highlights of which included poorly received results from Boart Longyear, UGL and Fairfax Media and well-received results from Primary Health Care, Downer EDI and Resmed.

Forward earnings expectations were common with around 50% of companies reporting downgrading expectations. There were also minimal earnings upgrades. Downgrades were particularly common in the materials sector, mainly due to declining commodity prices. The RBA also forecasted a peak in mining investment in 2013/14, which did little to support investor sentiment towards materials stocks in general.

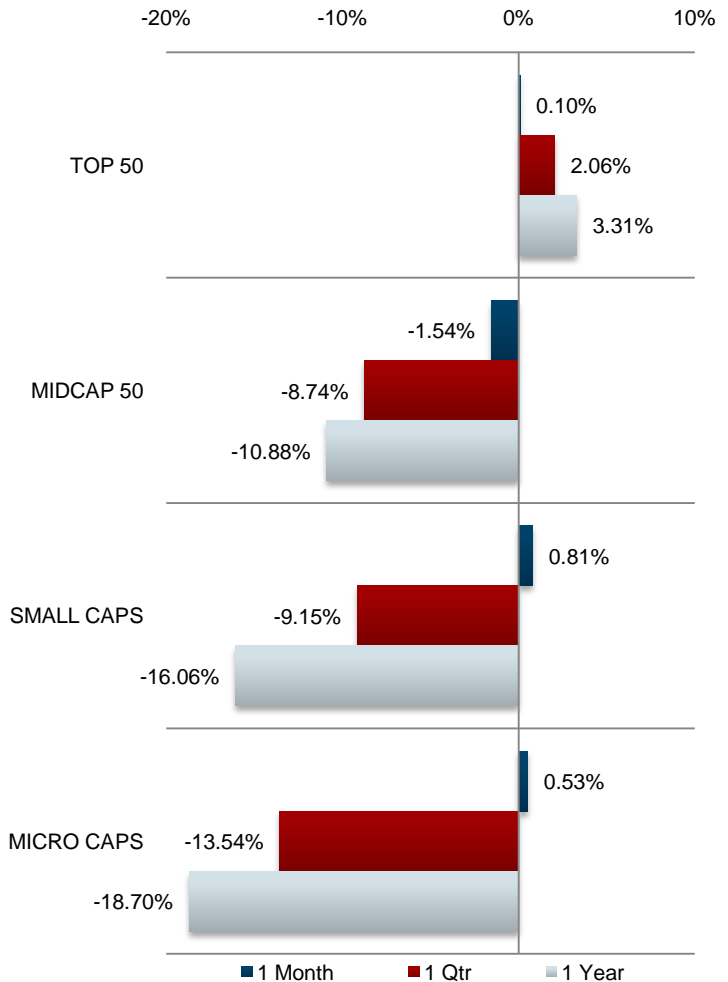
The best performing Australian large-cap stocks during the month included Bluescope Steel (+26.4%), Primary Health Care (+23.5%) and Resmed (+20.8%). The worst performers included Boart Longyear (-38.4%), Atlas Iron (-21.7%) and Lynas Corporation (-20.5%).

## Australian Shares



**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 quarter, 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.

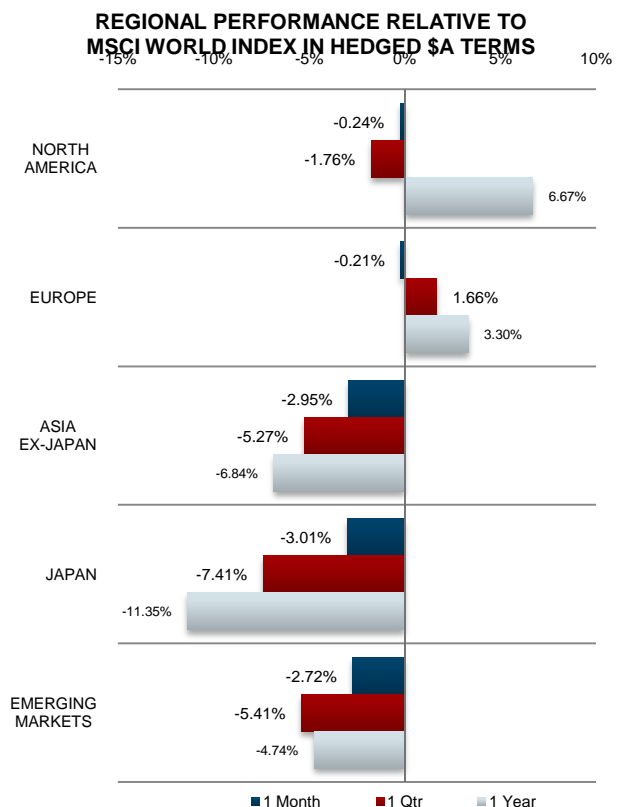
## International Shares

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)	4.50	2.24	12.29	0.75	-6.48	2.87	9.06
	MSCI World (\$A)	4.41	2.44	12.04	0.83	-6.36	3.01	9.11
	MSCI Small Cap World Ex Aus (\$A)	5.17	0.29	9.19	3.77	-4.22	2.29	8.80
	MSCI AC World (\$A)	3.59	0.70	14.39	0.09	-6.77	2.31	8.72
<b>International Shares - Local Currency</b>	MSCI World ex-Au (Loc Crncy)	2.00	7.79	11.62	7.39	-2.49	3.25	10.02
	MSCI World (Loc Crncy)	2.54	9.15	8.12	7.91	-1.77	3.85	9.99
	MSCI World S. Cap ex-Au (Loc. Crncy)	3.28	6.85	5.37	11.06	0.47	3.13	9.67
	MSCI AC World (Loc Crncy)	1.73	7.29	10.39	7.12	-2.20	3.15	9.59
<b>Regional Shares - Local Currency</b>	MSCI North America	2.30	7.38	14.79	12.16	0.59	3.57	11.94
	MSCI Asia	-0.44	2.91	-0.80	-0.77	-7.30	-1.35	4.96
	MSCI AC Asia ex-Japan	-0.41	3.88	1.28	6.03	0.51	1.69	7.77
	MSCI China	-3.10	0.21	-8.64	-0.01	-4.38	-1.77	1.94
	MSCI Europe	2.33	10.80	11.42	4.39	-3.81	5.23	8.69
	MSCI Emerging Markets	-0.19	3.74	3.38	6.51	0.75	1.56	6.51
	MSCI India	1.15	7.14	5.90	4.22	3.17	0.32	14.55
	MSCI Japan	-0.47	1.73	-3.23	-7.28	-13.56	-4.91	1.71
<b>Global Gold Shares in A\$</b>	FTSE Gold Mines	10.58	-0.59	-24.68	-3.50	0.28	4.48	-12.81
<b>Global Resources in A\$</b>	HSBC Global Mining	3.77	-2.47	-24.33	-3.64	-6.91	-0.97	-9.99

### Summary of Statistics:

- International Shares had a strong month in August, with the **MSCI World Ex-Au (\$A)** gaining 4.50%, while the **MSCI World (\$A)** gained 4.41%.
- The **MSCI World (Local Currency)** did not fare as well, but still rallied 2.54%.
- The **MSCI All Countries World Index (\$A)**, which includes developed and emerging countries, also performed well gaining 3.59% while the Local Currency index gained by 1.73%.
- Global Small Caps posted strong gains, rallying 5.17% as measured by the **MSCI Small Cap World Ex Australia (\$A)**, while the Local Currency equivalent gained 3.28%.
- On a Regional Basis, **MSCI Europe** was the strongest performer, gaining 2.33%. **MSCI North America** also had a strong month, gaining 2.30%.
- MSCI China** was the poorest performer during August, falling by 3.10%, **MSCI Japan** also underperformed the global index, declining by 0.47%.
- Global Gold Shares rallied 10.58% when measured in Australian Dollar terms by the **FTSE Gold Mines Index**.
- Global resources stocks posted a positive return after performing poorly during the last 12 months, with the **HSBC Global Mining Index** gaining 3.77%.

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%. Note Emerging Markets is not part of the index.



## 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	-1.82	6.03	-3.64	7.00	4.75	0.82	1.11
	AUD / EUR	-3.93	4.23	10.40	11.79	6.52	1.52	4.16
	AUD / GBP	-3.04	3.05	-1.14	7.93	9.96	-0.19	-0.97
	AUD / JPY	-1.49	6.03	-1.28	1.14	-3.08	-0.95	3.17

### Commentary:

U.S. and European stock markets posted strong returns in August, with investors gaining confidence that the ECB will intervene in government bond markets to stabilise the region.

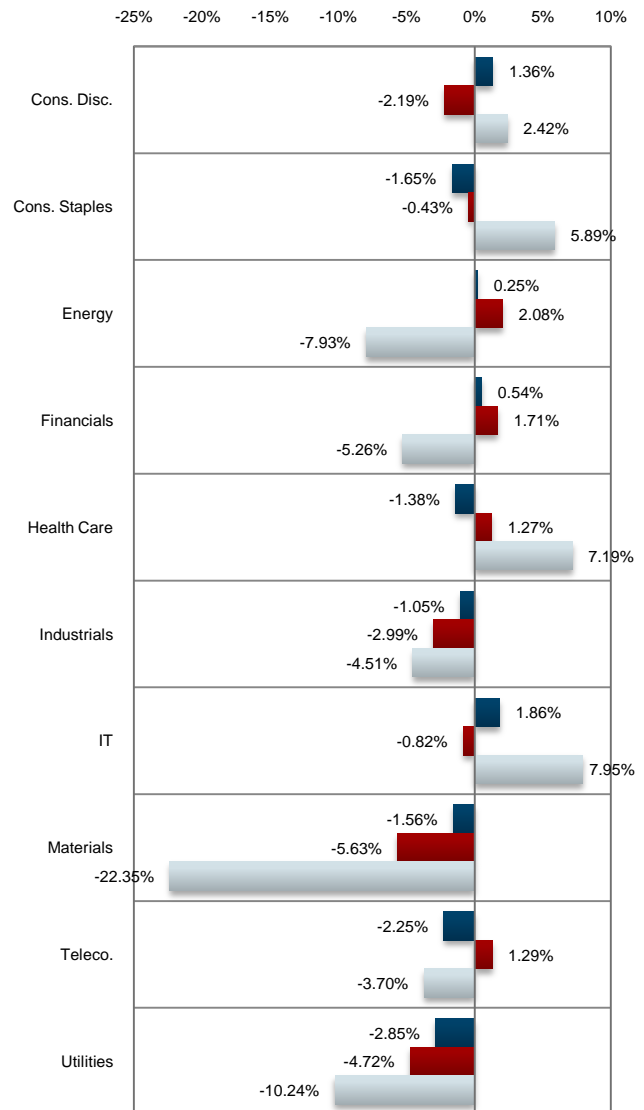
Chinese stocks were the worst performers in August, falling 3.10%, as the government continued to deploy mechanisms designed to slow the economy. Asia ex-Japan also declined as a result of the slowing trade links, to end the month 0.41% higher, underperforming the global benchmark by 4.91%.

Emerging Markets overall also underperformed the global index, as measured by the MSCI Emerging Markets Index, which declined by 0.19%, due to investors' concern that trade is slowing after local governments eased monetary policy in Brazil, Colombia and Hungary.

On a sector basis, the cyclical industries of Information Technologies and Consumer Discretionary were the strongest performers, gaining 3.59% and 3.09% as measured by the MSCI ACWI IT Index MSCI ACWI Consumer Discretionary Index respectively. The MSCI ACWI MSCI ACWI Utilities was the poorest performer, declining by 1.12%.

The Australian dollar fell against most major currencies, largely due to the falling price of one of its major commodities - iron ore. In particular, the AUD declined by 3.93% against the Euro as investors garnered some confidence due to the increasing possibility of ECB stabilisation mechanisms.

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 Disc. Index	3.09	5.10	12.80	11.69	-1.52	3.23	13.02
Local Currency	MSCI ACWI Consumer Staples Index	0.08	6.86	16.28	12.28	4.45	3.25	9.90
	MSCI ACWI Energy Index	1.98	9.37	2.46	5.02	-1.96	5.17	-0.55
	MSCI ACWI Financials Index	2.27	9.00	5.13	-3.41	-12.98	3.20	11.14
	MSCI ACWI Health Care Index	0.34	8.56	17.58	9.07	1.43	3.03	11.24
	MSCI ACWI Industrials Index	0.68	4.30	5.87	5.99	-6.16	1.37	5.65
	MSCI ACWI IT Index	3.59	6.47	18.34	9.56	-0.25	3.88	14.34
	MSCI ACWI Materials Index	0.17	1.66	-11.97	0.95	-5.75	-0.56	-2.62
	MSCI ACWI Teleco. Services Index	-0.52	8.58	6.69	4.57	-3.61	2.71	5.56
	MSCI ACWI Utilities Index	-1.12	2.57	0.15	-2.74	-7.15	-2.27	-1.36

## 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	-0.14	9.95	21.50	7.79	-12.04	5.40	22.63
	FTSE E/N Australia	-5.27	11.71	25.93	13.40	-13.38	5.71	22.20
Global Listed Property - Hedged in A\$	FTSE E/N Dev	0.31	9.59	12.90	11.53	-6.05	3.72	19.32
Global Listed Property - Regional Local Return	FTSE E/N North America	-2.17	5.80	37.04	29.42	4.82	3.02	20.76
	FTSE E/N Euro Zone	-0.59	9.56	5.15	6.23	-4.54	4.86	17.73
	FTSE E/N UK	0.12	13.02	23.57	10.55	-13.26	8.49	27.98
	FTSE E/N Developed Asia	-2.59	12.17	24.81	12.59	-2.17	6.27	28.65
	FTSE E/N Japan	-4.20	7.83	19.20	5.50	-6.28	0.84	24.37
Australian Listed Infrastructure	S&P/ASX 300 Utilities	0.63	5.40	21.74	14.76	-0.40	6.41	16.53
Global Listed Infrastructure - Hedged in A\$	UBS Global Infra. & Utilities	1.32	8.14	15.87	11.54	1.06	2.39	10.19
Global EM Listed Infrastructure - Hedged in A\$	UBS EM Infra. & Utilities	0.75	-0.06	1.17	-2.49	-4.66	-0.80	4.70

### Summary of Statistics:

- Australian Listed Property lost 0.14% in August, as measured by the **S&P/ASX 300 Property Index**, bringing the gains for the quarter to 9.95%.
- Global Listed Property gained 0.31%, as measured by the **FTSE E/N Developed Index in \$A terms**. However the Asian Property Market fell during August with both the FTSE E/N Developed Asia Index (-2.59%) and the FTSE E/N Japanese Index (-4.20) recording losses.
- Australian Listed Infrastructure grew by 0.63%, as measured by the **S&P/ASX 300 Utilities Index**, underperforming this global benchmark by 0.69%.
- The **UBS Global Infrastructure & Utilities Index** closed the month 1.32% higher, with the **UBS Emerging Markets Infrastructure & Utilities Index** also increasing by 0.75%.

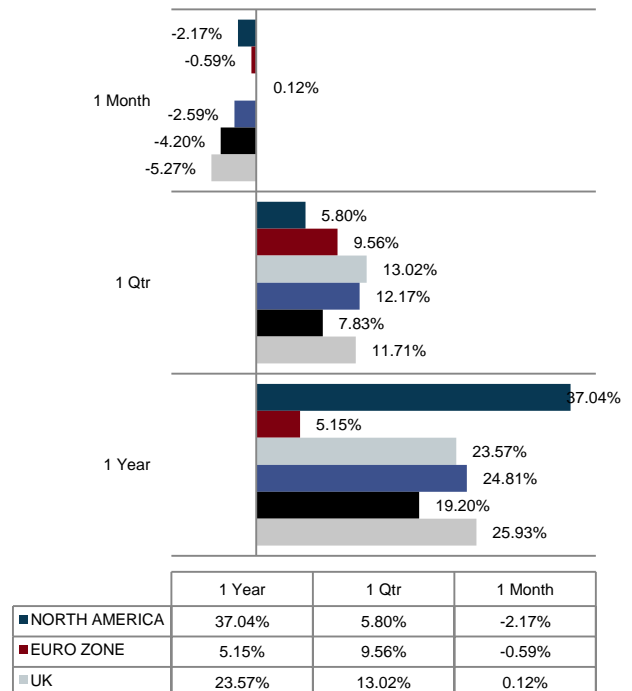
### Commentary:

The S&P/ASX 200 Property Accumulation Index was down 0.14% in August underperforming the broader Australian sharemarket. At a stock specific level Goodman Group (6.12%) was the strongest performer on the back of the corporate restructuring by adding Goodman Logistics (HPK) to the existing Goodman Group stapled security, whilst the Lend Lease Group (4.81%) also performing strongly. The Aspen Group (-23.29%) was the poorest performing security, with the resignation in August of their managing director, Gavin Hawkins being a contributing factor to this loss. The Stockland Trust (-5.07%) also fell during the period due to poorly received 2011/12 Financial Year results.

UBS Global Infrastructure & Utilities Index gained 1.32% during the month of August. This gain was largely paced by Infigen Energy (35.56%), who reported higher projected production in both the US and Australia over the upcoming financial year.

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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