MONTHLY MARKETS

FRONTIER INVESTMENT CONSULTING

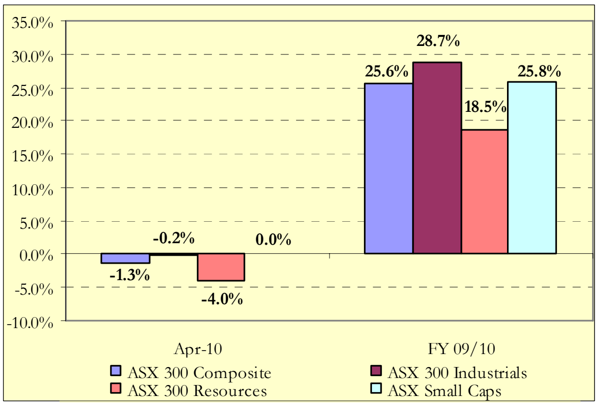
April 2010

Market Overview

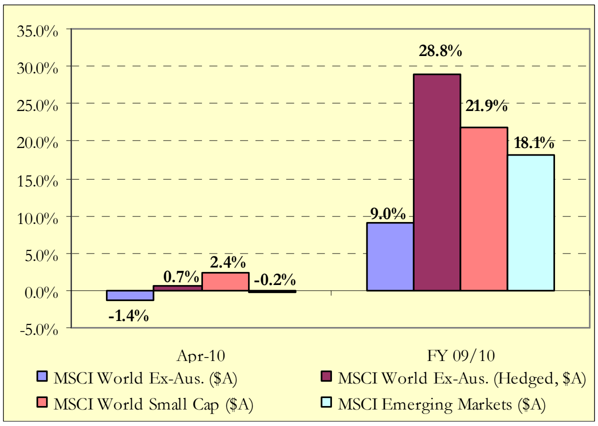
Global equity markets were mixed over April 2010, starting the month strongly but reversing later as the Greek sovereign debt situation weighed on markets. A downgrade of Greece's credit rating to junk status renewed fears about Greece's ability to service its debt while credit ratings for both Portugal and Spain were also downgraded. These events had a strong impact, particularly on European markets and the Euro. Asia continued to lead the global upswing with authorities in several countries beginning to remove stimulus measures, including India and China. In China, officials continued to tighten policy with further measures taken to moderate bank lending to the property sector. The US economy grew at an annualised rate of 3.2% in the first quarter, which was the third straight quarter of growth since the end of its recession. This rebound in the US economy was better than expected, which drove investor confidence.

In Australia, the March 2010 quarter inflation data was released showing inflation at 0.9%, up from the previous quarter. The Reserve Bank of Australia (RBA) also raised the official cash rate by 0.25% to 4.25% in April, which was the fifth such rate rise since October 2009. The RBA's decision to increase interest rates reflected a view that growth is likely to be around trend and inflation close to target over the coming year. In spite of this increase, consumer sentiment barely changed in April. Other data released during the month showed the unemployment rate steady at 5.3% and the purchases of owner-occupied housing falling by 1.8% in the month of February.

Australian Equities



International Equities ($A)



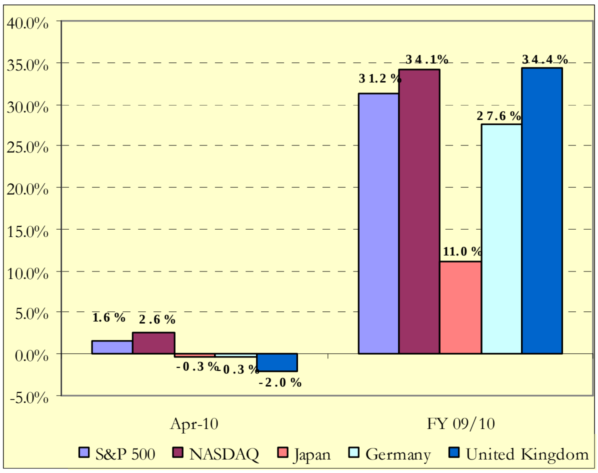
The Australian share market recorded a negative return in April, with the S&P/ASX 300 Accumulation Index returning -1.3% over the month. This takes the financial year to date return for the S&P/ASX 300 Accumulation Index to 25.6%.

Performance amongst the individual sectors was mixed over the month. Telecommunications (+5.5%) and Property (+3.9%) were among the best performing sectors whilst Health (-6.7%) and Consumer Staples (-4.0%) were amongst the worst performers. Materials (-3.9%) also performed poorly, on concerns regarding possible taxation changes that could affect the sector, as well as renewed concerns that China may attempt to dampen its economic growth.

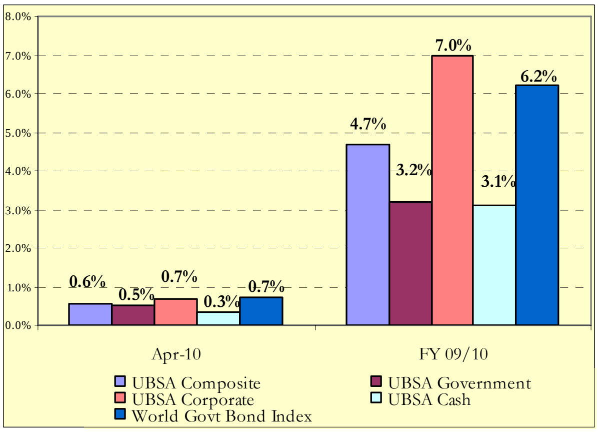
Global share markets were mixed in April, with the MSCI World ex-Australia (Hedged) Index delivering +0.7% over the month. Performance across European equity markets was generally weak. Germany (-0.3%), France (-4.0%), UK (-2.0%), Italy (-5.6%) and Spain (-3.5%) all finished in negative territory.

Emerging markets were mostly flat in April, returning -0.2% for the month in Australian dollar terms. Turkey (+4.3%) and Hungary (+2.1%) performed well, while Brazil (-4.0%) and Mexico

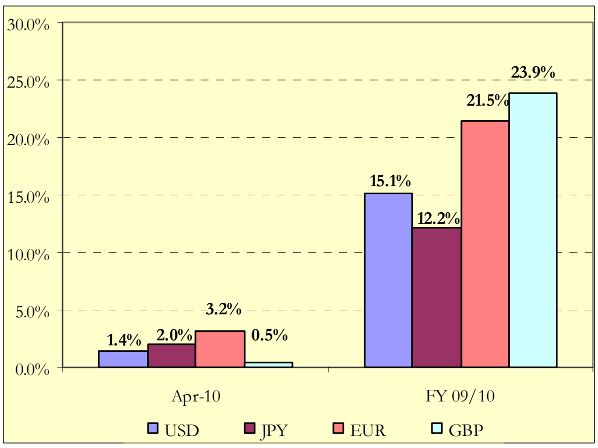
International Equities (Local Currencies)



Fixed Income



Australian Dollar against



(-1.7%) produced a negative performance, and India (+0.2%) was mostly flat.

The US share market posted a positive return in April, with the S&P 500 gaining +1.6% during the month. This was driven by better than expected first quarter company earnings which were taken as evidence that a recovery of the US economy is gaining momentum.

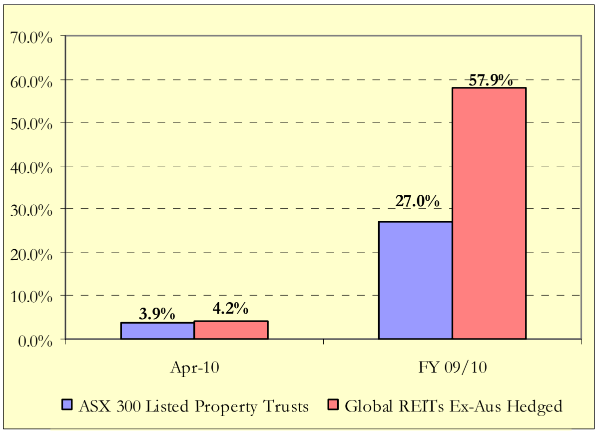
In Asia, equity markets were mixed. Japan recorded a -0.3% return for the month after strong returns in March. Singapore (+3.0%) and Taiwan (+1.1%) posted gains, while Hong Kong (-0.6%) went backwards. China's Shanghai B market posted -4.4% on concerns about possible policy tightening.

The Australian Government bond yields were mostly flat over April. The 3-year bond yield increased slightly by 0.03% to 5.27% and 10-year bond yield decreased by 0.05% to 5.71%. 90-day bank bills rose by 0.16% over the month to 4.60%. The UBSA Composite Bond Index returned 0.6% for the month.

Global bond yields fell in most developed markets during April. The US 10-year bond yields decreased by 0.15% to 3.69% on the back of increased demand for safe haven assets and expectations that interest rates will stay low for an extended period. There were continued signs of improvement in the Japanese economy, which saw its 10-year bond yields decrease by 0.11% to 1.29%. In the European region, German bonds continued to benefit from a flight to quality as 10-year bond yields tightened finishing at 3.02%, while Greek 10-year bond yields rose 2.43% to 8.96% and 3-year yields rose by 6.49% to 12.22%. The UK's 10-year bond yields also fell by 0.08% to 3.85% with better economic data offset by uncertainty around the UK election.

The Australian dollar (A$) was supported by tighter domestic monetary policy, rising by 1.4% against the US dollar (US$) in April. The A$ also rose against the currencies of Australia's major trading partners. The largest appreciation was against the Euro (EUR), increasing by 3.2%, driven mainly by depreciation of the Euro due to sovereign debt concerns. The $A closed the

Property



month at US$0.93 and JPY 87.5.

The Australian Real Estate Investment Trusts (A-REITs) market, as measured by the S&P/ASX 300 Property Trust Accumulation Index, performed well over the month, returning 3.9%. This was a considerably stronger performance than the overall market.

The price of international listed property stocks performed in line with the domestic property market in April, with the Global REITS ex-Australia (hedged) Index returning 4.2% for the month.