MONTHLY MARKETS

FRONTIER INVESTMENT CONSULTING

DECEMBER 2011

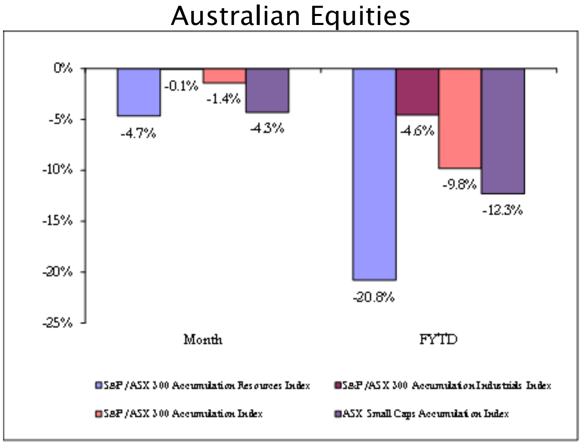
Market Overview

The European debt crisis continued to undermine investor confidence during December. US economic data released during the month surprised most investors and has shown a resilient economy in such global uncertainty. The US ISM manufacturing survey improved in December rising by 1.2 points to 53.9, the US labour market gained 200,000 jobs and the unemployment rate fell further to 8.5%. The US Federal Reserve (FED) maintained the federal funds rate target range between 0% to 0.25% at its December meeting, and reiterated their previous view that interest rates should remain "exceptionally low" until mid-2013. In Europe, sovereign debt crisis discussions continued and European leaders made some headway with a number of key proposals to move the region closer to a fiscal union. Of these proposals, it was agreed that the European Financial Stability Facility will be rapidly deployed and the European stability mechanism brought forward to start in July 2012 and more funding of loans would be provided to deal with the crisis. The European purchasing manager's index (PMI) manufacturing survey for December rose marginally by 0.5 to 46.9, but suggests that European industrial production is still contracting. The ECB decided to lower its key policy interest rate at its December meeting by a further 0.25% to 1.0%.

In Japan, monthly economic data releases were mixed. December saw improved vehicle sales, rising 23.5% yoy. Data from China was consistent with a slowing economy. The official PMI rose to 50.3 in December after dipping below 50 in November.

Domestically, investors continue to be influenced by headlines out of Europe, while the RBA cut rates by a further 0.25% bringing the cash rate down to 4.25%.

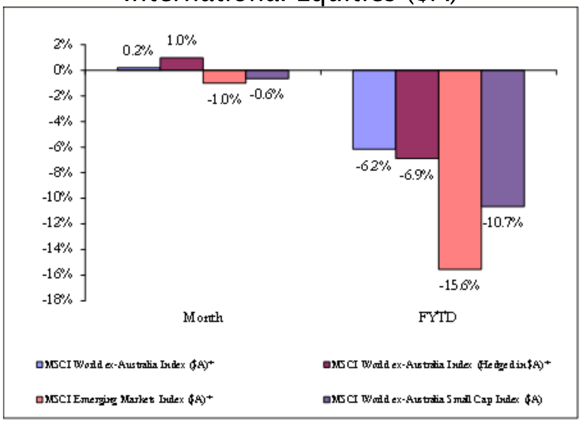
Australian Equities



The S&P/ASX 300 Accumulation Index fell 1.4% during December. Sovereign debt concerns in Europe continue to impact investor sentiment. Similar to the previous month, defensive sectors performed relatively well, particularly telecommunications (5.0%), utilities (2.4%) and healthcare (1.9%). Financials (-0.2%), IT (-0.4%), industrials (-1.5%), consumer staples (-1.5%), consumer discretionary (-3.9%), materials (-4.0%), and energy (-5.0%) all ended the month poorly.

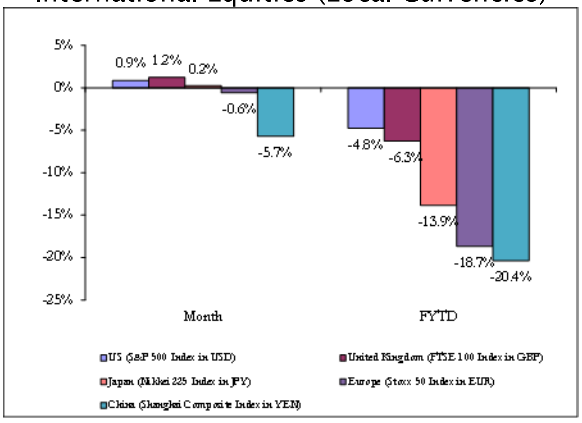
DECEMBER 2011

International Equities ($A)



The MSCI World ex-Australia Index (hedged in $A) gained 1.0% in December while the MSCI World ex-Australia Index (unhedged in $A) returned 0.2%. The story remained unchanged in that the European debt crises continued to influence investors' risk appetite and most markets in developed countries continued to weaken during the month.

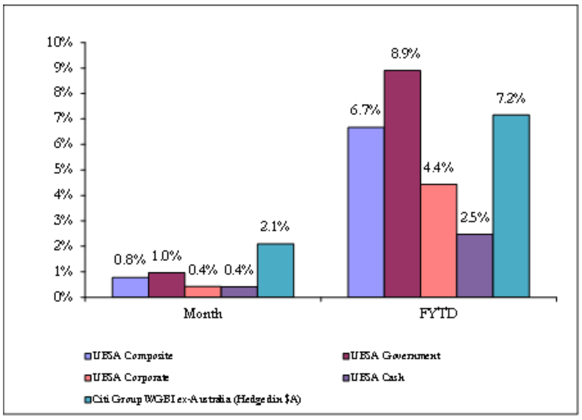
International Equities (Local Currencies)



Emerging markets once again underperformed developed markets during December with Russia falling 6.5% and Brazil falling 0.2%. Other notable declines were Sri Lanka (-0.2%), Poland (-4.8%), Argentina (-2.5%) and Turkey (-5.7%).

The Philippines (+3.2%) and The Czech Republic (+3.7%) were the best performing regions.

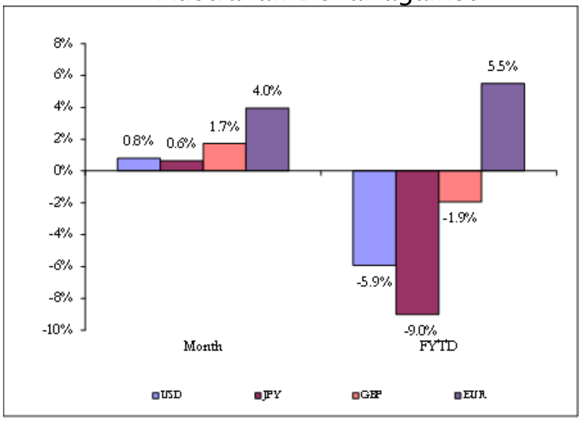
Fixed Income



Concerns surrounding Europe's ability to implement tighter fiscal discipline impacted international bond markets in December leading to falls in market yeilds. The US ten-year bond yield fell by 0.19% to 1.88%, and Japan's ten-year bond yield fell by 0.08% to 0.99%. In Europe the UK ten-year bond yield fell by 0.33% to close the month at 1.98% while Germany's ten-year bond yield fell by 0.45% to 1.83%.

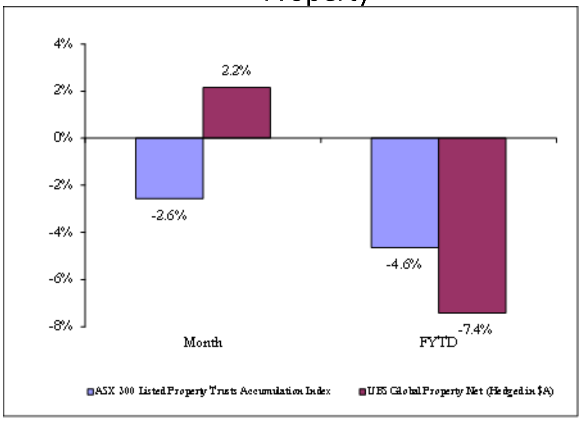
Locally, the Australian bond market was also volatile in December while money market yields were mixed as the market continued to price in interest rate cuts in the first quarter of 2012. The 90 day bank bill finished at 4.47% at the end of December.

Australian Dollar against



December saw the $A fall against the US Dollar (0.8%) and the Japanese Yen (0.6%) but rise against the currencies of Australia's major trading partners. Continued global growth concerns negatively impacted commodity prices which, in turn, affected the A$ which fell below parity during the month for the fourth time since August 2011.

Property



Again, global macro factors continued to drive market performance in December, with the S&P/ASX 300 Property Accumulation Index returning -2.6%, underperforming the broader S&P/ASX 300 Accumulation Index which returned -1.4%.

Global REITs gained 2.0% in December with mixed country performance. Hong Kong and China both recorded gains for the month while Australia was the second best performing market.

Frontier Capital Markets Report as at 31 Dec 2011

31-Dec-11	Index Value	Month	3 Months	FYTD	1 Year
Australian Equities					
S&P/ASX 300 Accumulation Index	30,767	-1.4%	2.1%	-9.8%	-11.0%
S&P/ASX 300 Accumulation Industrials Index	52,395	-0.1%	4.0%	-4.6%	-3.8%
S&P/ASX 300 Accumulation Resources Index	22,040	-4.7%	-2.5%	-20.8%	-25.0%
ASX Small Caps Accumulation Index	5,109	-4.3%	-0.6%	-12.3%	-21.4%
International Equities					
MSCI World ex-Australia Index ($A)*	2,866	0.2%	2.0%	-6.2%	-5.3%
MSCI World ex-Australia Index (Hedged in $A)*	674	1.0%	8.7%	-6.9%	-1.9%
MSCI Emerging Markets Index ($A)*	348	-1.0%	-1.0%	-15.6%	-18.4%
MSCI World ex-Australia Small Cap Index ($A)	204	-0.6%	2.3%	-10.7%	-10.1%
US (S&P 500 Index in USD)	1,258	0.9%	11.2%	-4.8%	0.0%
United Kingdom (FTSE 100 Index in GBP)	5,572	1.2%	8.7%	-6.3%	-5.6%
Japan (Nikkei 225 Index in JPY)	8,455	0.2%	-2.8%	-13.9%	-17.3%
Europe (Stoxx 50 Index in EUR)	2,317	-0.6%	6.3%	-18.7%	-17.1%
China (Shanghai Composite Index in YEN)	2,199	-5.7%	-6.8%	-20.4%	-21.7%
AUD Versus...					
USD	1.01	0.8%	3.3%	-5.9%	-0.6%
JPY	78.55	0.6%	4.9%	-9.0%	-5.2%
GBP	0.65	1.7%	4.3%	-1.9%	-0.7%
EUR	0.78	4.0%	8.3%	5.5%	2.2%
Property					
ASX 300 Listed Property Trusts Accumulation Index	18,875	-2.6%	3.8%	-4.6%	-1.6%
UBS Global Property Net (Hedged in $A)	1,209	2.2%	8.3%	-7.4%	1.4%
Australian Fixed Interest					
UBSA Composite	6,919	0.8%	1.9%	6.7%	11.4%
UBSA Government	7,468	1.0%	3.3%	8.9%	13.4%
UBSA Corporate	6,813	0.4%	1.7%	4.4%	9.2%
UBSA Cash	7,443	0.4%	1.2%	2.5%	5.0%
Global Fixed Interest					
Citi Group WGBI ex-Australia (Hedged in $A)	1,657	2.1%	1.8%	7.2%	10.5%
Oil and Commodities					
Crude Oil ($/bbl)	99	-1.5%	24.8%	3.6%	8.2%
Copper Spot ($/tonne)	7,590	-3.4%	8.5%	-19.4%	-21.3%
Gold Spot ($/ounce)	1,567	-10.5%	-3.5%	4.0%	9.2%

Fixed Income (Yields) as at …	31-Dec-11	30-Nov-11	30-Sep-11	30-Jun-11	31-Dec-10
Australia Bank Bill	4.5	4.5	4.8	5.0	5.0
Australia 10 Year Government Bond	3.7	3.9	4.2	5.2	5.5
US 10 Year Government Bond	1.9	2.1	1.9	3.2	3.3
UK 10 Year Government Bond	2.0	2.3	2.4	3.4	3.4
Germany 10 Year Government Bond	1.8	2.3	1.9	3.0	3.0
Japan 10 Year Government Bond	1.0	1.1	1.0	1.1	1.1

* Net Dividends reinvested