

Month In Review

ISSUE DATE 10-04-2014

Market Moves — as at 31·03·2014

RETURNS (%) P.A.	1 MTH	3 MTH	6 MTH	1 YR	3 YR	5 YR	10 YR
AUSTRALIAN EQUITIES							
S&P/ASX 200 ACCUMULATION INDEX	0.29	2.09	5.58	13.46	8.54	13.39	9.37
S&P/ASX SMALL ORDINARIES ACCUMULATION INDEX	-1.16	0.89	0.73	-1.46	-5.33	8.76	4.89
GLOBAL EQUITIES							
MSCI WORLD ACC INDEX WITH GROSS DIV (A\$)	-3.52	-2.37	10.40	34.44	15.04	12.21	5.34
S&P 500 COMPOSITE ACCUMULATION INDEX (A\$)	-2.64	-1.73	13.51	37.07	18.92	14.37	5.35
FTSE100 ACCUMULATION INDEX (A\$)	-6.48	-4.07	7.77	31.72	13.10	11.93	4.89
MSCI EMERGING MARKETS FREE W/GROSS DIV (A\$)	-0.73	-4.06	2.21	11.09	1.14	8.33	8.32
REITS (LISTED PROPERTY SECURITIES)							
S&P/ASX 300 A-REIT ACCUMULATION INDEX	-1.58	3.04	1.57	4.96	11.68	15.68	1.88
UBS GLOBAL INVESTORS TR HEDGED (A\$)*	-0.05	7.16	7.23	5.22	12.45	25.92	5.85
FIXED INTEREST							
UBS WARBURG COMPOSITE BOND INDEX	0.02	1.45	1.83	3.30	6.74	5.95	6.18
UBS WARBURG BANK BILL INDEX	0.22	0.64	1.29	2.77	3.74	3.93	5.08
BARCAP GLOBAL AGGREGATE INDEX HEDGED \$A	0.31	2.67	3.49	3.68	8.02	8.34	7.47

Data source: IRESS & Financial Express. Returns greater than one year are annualised

* Please note that the Global Property Index has changed from UBS Global Real Estate Investors Index (A\$) to UBS Global Investors TR Hdg (A\$)

Australian Equities

Although the Australian equity market was relatively soft through March, the S&P/ASX 200 Accumulation Index did still manage a small incline. When assessed over 12 months, the index has returned over 13%.

Unlike its 'large cap' counterpart, the S&P/ASX Small Ordinaries Accumulation Index finished the month in negative territory with it retracting by -1.1%. Over the last 12 months this index, which comprises of 'small cap' companies listed in Australia, has underperformed the 'large cap' index substantially.

Global Equities

Contrary to the previous month, European equity markets were challenged during March, with the German DAX, the French CAC and the U.K. FTSE retracting by -1.4%, -0.4% and -3.1% respectively in **local currency terms**. When converted back to AUD, declines were more significant, as the AUD appreciated considerably against its peers throughout March.

The U.S. equity market, as measured by the S&P 500, finished March relatively unchanged (**in local currency terms**). Nevertheless the U.S. market has been among the top performers over the last 12 months, having returned almost 21%.

The returns of the Japanese equity market, as measured by the NIKKEI Index, were relatively stable (-0.09%) for March. However fears over a potential credit bubble emerging in China weighed on the returns of both the Hong Kong Hang Seng Index and the Shanghai Composite Bond Index, with these indices declining -3.0% and -2.0% respectively.

REITs (Listed Property Securities)

The S&P/ASX 300 AREIT Index finished March down almost -1.6%. Over the last 12 months this index, which comprises of locally listed REIT securities, has returned almost 5.0%.

The UBS Global Investors TR (Hedged \$A) outperformed its local counterpart over March, however over 12 months the returns of the two indices have not been overly dissimilar.

Fixed Interest

The returns on the Australian fixed interest market, as measured by the UBS Composite Bond Index, were flat for March. The Barcap Global Aggregate Index hedged \$A, a proxy for highly rated globally issued debt securities, finished up approximately 0.3%. Returns on both these indices have been solid for the first three months of 2014.

The UBS Bank Bill Index, which comprises of lower risk and shorter dated securities, finished the month of March up 0.22%.

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Economic Indicators

S&P/ASX 200 Stock Performance for the Month of March 2014

BEST PERFORMERS		WORST PERFORMERS	
G8 EDUCATION LIMITED	22.17	LYNAS CORPORATION	-31.15
PREMIER INVESTMENTS	21.16	BEABELL RESOURCES LTD	-20.39
KATHMANDU HOLDINGS LTD	20.46	TEN NETWORK HOLDINGS	-20.29
TPG TELECOM LTD	18.54	ACRUX LTD	-18.48
LEIGHTON HOLDINGS	16.82	KAROON GAS LTD	-17.95

S&P/ASX 200 Stock Performance for the Year to March 2014

BEST PERFORMERS		WORST PERFORMERS	
G8 EDUCATION LTD	142.58	LYNAS CORPORATION	-62.5
TPG TELECOM LTD	111.11	RESOLUTE MINING	-55.26
HENDERSON GROUP	103.42	TRANSFIELD SERVICES	-54.12
MAGELLAN FINANCIAL GROUP LTD	100.59	ACRUX LTD	-53.18
BEGA CHEESE	94.81	PALADIN ENERGY LTD	-53.03

Economic news

Total dwelling approvals managed a 0.7% incline in February, and have now risen for 26 consecutive months. Although when seasonally adjusted, dwelling approval fell by -5.0%.

Official retail sales rose in February by 0.7%, and have now risen by the same margin for the three consecutive months. All states and territories (with the exception of the ACT) recorded gains in trend terms, however gains in New South Wales and Tasmania were the most material. At a sector level spending in food retailing (0.7%), household good retailing (1.0%) and cafes & restaurants (1.2%) all recorded the largest gains.

The Wespac Institute of Consumer Sentiment showed consumer confidence remained relatively stable in March. Commentators were disappointed with the result, given the two sharp retractions in the preceding months. The downward trend in consumer confidence has been linked to the sluggish labour market, coupled with fears over the looming Federal budget.

Business confidence, as measured by National Australia Bank's Business Survey, declined again in March and is now at its lowest level since the Federal election last September. The gradual decline has been attributed to businesses uncertainty regarding prospects for the Federal budget (due in May), the recent uptick in the AUD and doubts over the strength of the global economy.

The unemployment rate continued its incline in February, with the headline rate rising to 6.0%. However, pleasingly the participation rate was revised up from its prior estimate, and is now 64.7%.

The Reserve Bank of Australia (RBA) left the cash rate unchanged following its latest formal monthly meeting. The RBA reiterated its reservations regarding the Australian economy, citing the subdued labour market and declining investment expenditure within the mining and resource sectors as its primary concerns. Nevertheless it did acknowledge the recent uptick in appetite for credit as well as the significant dwelling price expansion over the last 12 months. On balance, policy makers are expected to leave the cash rate on hold for the immediate future, before reconsidering their stance as the economic picture becomes clearer.

U.S. payroll numbers continued to indicate a more pronounced U.S. economic recovery, as U.S. employers added 192,000 jobs in March. Following the release the headline unemployment rate remained steady at 6.7%, even as roughly 500,000 additional people entered the workforce. As was expected by the market the U.S. Federal Reserve continued with its gradual decline in its monthly asset purchasing program.

In what has been a recent development within equity markets, 'high flying' growth stocks listed on the Nasdaq Index in the U.S. have been a source of much investor anguish. Stocks such as Amazon, Facebook and Twitter which all trade on extraordinary Price-Earnings multiples have seen their stock price fall, which is starting to have material flow on effects for similar stocks listed locally and around the globe.

The Australian Dollar continued its upward trend in March, posting gains against all its major peers. The local currency has appreciated approximately 2.6% against the U.S. Greenback so far this year (up to 31 March).

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