

| Asset Class         | Asset Class                           | 1 Mth (%) | 3 Mths (%) | 6 Mths (%) | 1 Yr (% p.a.) | 3 Yrs (% p.a.) | 5 Yrs (% p.a.) | 10 Yrs (% p.a.) |
|---------------------|---------------------------------------|-----------|------------|------------|---------------|----------------|----------------|-----------------|
| Aust Eq (lge)       | S&P/ASX 200 (Accum)                   | -1.8      | -4.6       | -4.1       | -13.7         | 3.0            | 4.9            | 4.4             |
| Aust Eq (sml)       | S&P/ASX Sml Ords (Accum)              | 1.0       | -0.5       | 6.1        | -3.6          | -1.4           | -3.2           | 0.4             |
| Aust Industrials    | S&P/ASX 200 Industrials (Accum)       | -2.9      | -4.6       | -1.5       | -9.8          | 7.6            | 10.9           | 6.0             |
| Aust Resources      | S&P/ASX 200 Resources (Accum)         | 7.2       | -4.8       | -18.7      | -33.7         | -16.0          | -14.3          | -2.0            |
| Global Eq (unh)     | MSCI World (unh) Accum                | -1.7      | -7.0       | -5.9       | -2.1          | 19.3           | 12.9           | 4.2             |
| Global Eq (hdg)     | MSCI World (hdg) Accum                | -1.4      | -8.6       | -3.9       | -8.1          | 10.4           | 9.7            | 5.8             |
| Global EME (unh)    | MSCI Emerging Markets (unh) Accum     | -1.1      | -7.4       | -9.5       | -16.1         | 2.7            | 1.5            | 2.2             |
| AREITs              | S&P/ASX 200 AREIT (Accum)             | 2.9       | 8.1        | 9.8        | 6.4           | 14.4           | 14.9           | 2.3             |
| GREITs              | EPRA NAREIT (ex Aust) hdg (Accum)     | -0.6      | -4.0       | 1.8        | -6.5          | 8.6            | 10.3           | 5.2             |
| Aust Fixed Income   | BBerg AusBond Composite Index (0+ysr) | 1.0       | 2.6        | 2.3        | 3.0           | 5.4            | 6.8            | 6.4             |
| Global Fixed Income | Bar Cap Global Agg Index (AUD hdg)    | 1.1       | 2.7        | 4.2        | 4.4           | 6.0            | 7.6            | 7.6             |
| Aust Cash           | BBerg Aust Bond Bank Bill Index       | 0.2       | 0.6        | 1.1        | 2.3           | 2.6            | 3.3            | 4.5             |

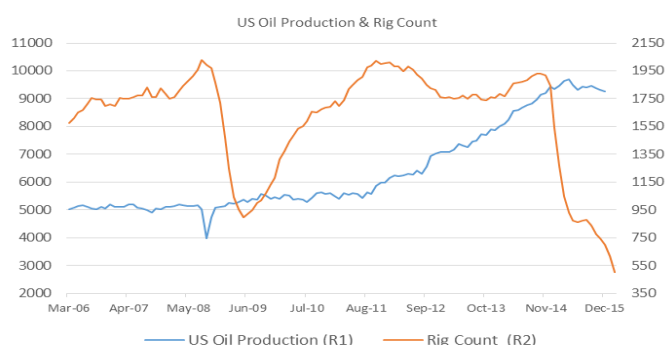
| Bond Mkts | 3yr Yields (%) | Mthly Change (bps) | 10yr Yields (%) | Mthly Change (bps) |
|-----------|----------------|--------------------|-----------------|--------------------|
| Aust      | 1.73           | -15                | 2.40            | -24                |
| US        | 0.89           | -7                 | 1.73            | -19                |
| UK        | 0.52           | 3                  | 1.34            | -22                |
| Japan     | -0.25          | -18                | -0.06           | -16                |
| Europe    | -0.54          | -8                 | 0.11            | -22                |

| Cash Rates | End of month (%) | Mthly change (%) | Cash Rates  | End of month (%) | Mthly change (%) |
|------------|------------------|------------------|-------------|------------------|------------------|
| Aust       | 2.0              | -                | Sth Korea   | 1.50             | -                |
| US         | 0.50             | -                | Brazil      | 14.25            | -                |
| Europe     | 0.05             | -                | China (RRR) | 17.00            | -0.5             |
| Japan      | 0.00 – 0.10      | -                | India       | 6.75             | -                |
| UK         | 0.50             | -                | Mexico      | 3.25             | -                |

| Commodities                  | Close    | Mthly Change (%) | 3 Month Change (%) |
|------------------------------|----------|------------------|--------------------|
| Gold US\$/oz                 | 1,238.74 | 10.8             | 16.3               |
| Crude Oil (Brent) US\$/bbl   | 36.57    | -0.7             | -22.7              |
| Copper                       | 4,705.50 | 3.0              | 2.3                |
| Silver                       | 14.90    | 4.5              | 5.8                |
| Nickel                       | 8,491.00 | -1.1             | -4.2               |
| Iron Ore (Qingdao 62% fines) | 49.62    | 18.9             | 15.5               |

| Currencies | FX Rate End of month | Mthly Change (%) | 3 Month Change (%) | Yearly Change (%) |
|------------|----------------------|------------------|--------------------|-------------------|
| AUD/USD    | 0.7141               | 0.8              | -2.5               | -8.5              |
| AUD/GBP    | 0.5132               | 3.2              | 5.7                | 1.4               |
| AUD/EUR    | 0.6568               | 0.4              | -4.7               | -5.9              |
| AUD/JPY    | 80.4810              | -6.2             | -10.6              | -13.8             |
| GBP/JPY    | 1.3917               | -2.3             | -7.7               | -9.9              |
| EUR/USD    | 1.0873               | 0.4              | 2.3                | -2.9              |
| USD/JPY    | 112.6900             | -7.0             | -8.3               | -5.8              |
| Aust TWI   | 61.40                | -0.2             | -0.7               | -4.2              |

### US Oil Production & Rig Count – Tipping Point Reached?



Source: Bloomberg

### Market Commentary

- It was another challenging month for global equity markets over February. While declines were not as precipitous as in January, risk aversion remains high across global markets with investor concerns about the growth outlook impacting higher risk assets.
- In Australia reporting season was in full swing. Across the board results were above market expectations, however, this did not help the local market as a number of large cap companies remained a drag on overall performance. The domestic market was one of the weaker global equity markets down -1.8% m/m. The biggest driver of the domestic market was the Financial sector (-6.2% m/m). However, banking stocks were particularly hard hit with the majors down ~6.5%-8.0%, while regional banks were ~20% lower m/m. Telstra was also lower (-6.8%) after a mixed result. And despite a 54% decline y/y in EBITDA, and the removal of its progressive dividend policy, BHP was marginally higher, up 1.4% m/m. WOW was the other notable with a very poor result. Its decision to exit Masters did little to hide a disappointing performance its Food & Liquor divisions. While announcing a new CEO, its clear the turnaround in WOW is some way off.
- Bond markets continued to rally with yields falling across all major markets and all parts of the yield curve. In the US the reduced likelihood that the Fed will move on rates saw the USD continuing to move lower over the period (particularly against the JPY), although concerns about a UK 'brexit' from the EU saw a sharp decline in the GBP. While we don't envisage that a 'yes' vote will get up, increased uncertainty and fractured views across the Conservative Party is leading to increased market concerns. This is despite the fact that the Labour Party also supports that Britain remain in the EU.
- Commodity markets delivered mixed results over the month. While the oil and iron ore prices stabilised, Gold rose strongly, up 10.8% m/. The rise of the precious metal does not indicate that inflationary expectations have increased but points more to the desire by investors to hold physical assets in a periods of such high market volatility and negative bond yields.
- The AREIT market continued its stellar run, with the sector up 2.9% m/m. The defensive nature of AREITs coupled with a solid income yield continues to support the market. With bond yields set to remain lower for an extended period AREITs have the ability to move higher.
- There was no changes in the outlook for cash rates over the month maintaining the cash rate. While we continue to see the RBA maintain a steady stance. Globally central banks continue to maintain an accommodative stance highlighted by the move of the PBOC (29<sup>th</sup> Feb) to reduce the RRR by 0.5%. In the US the path of any (potential) future rate increase has moved to the 2H15.

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