

ASSET CLASS* PERFORMANCE: PROPERTY LEADS THE WAY

David Bassanese, Chief Economist



Return Performance

Performance Rank

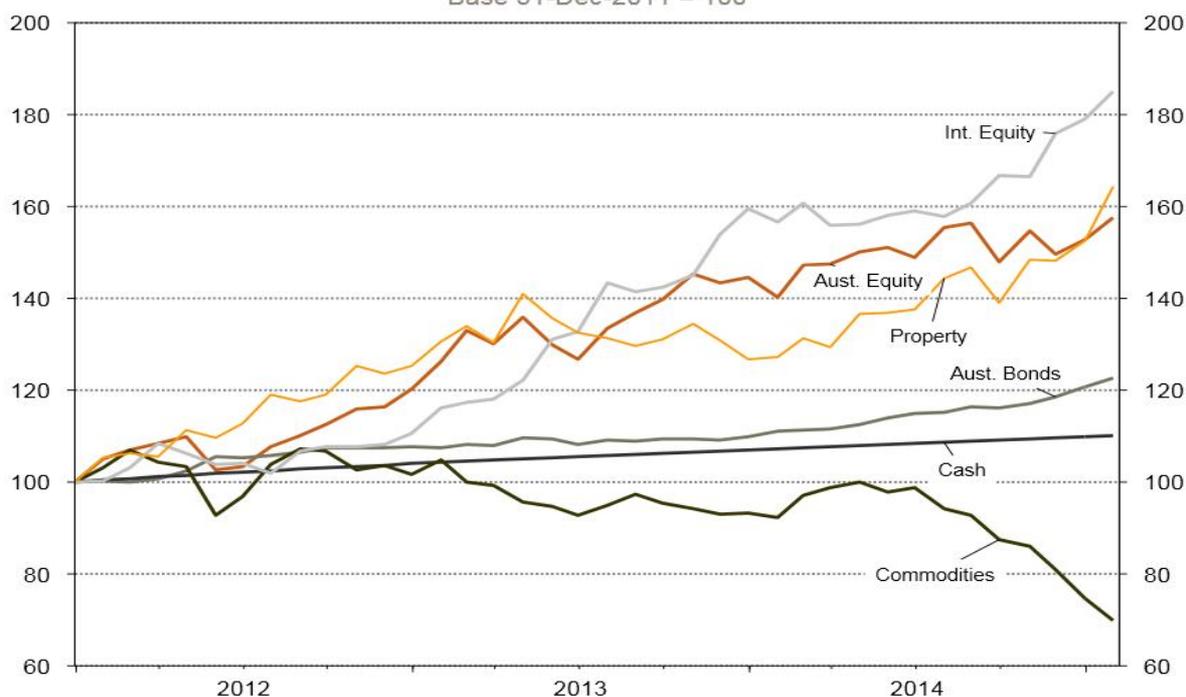
	Month	3-mth	6-mth	12-mth	Month	3-mth	6-mth	12-mth
Cash	0.2%	0.7%	1.4%	2.7%	5	5	5	5
Aust. Bonds	1.6%	4.6%	6.3%	10.4%	4	3	3	4
Aust. Property	7.7%	12.5%	15.6%	36.2%	1	1	2	1
Aust. Equities	3.3%	2.0%	1.4%	12.5%	3	4	4	3
Int. Equities*	3.4%	11.6%	18.4%	21.2%	2	2	1	2
Commodities**	-6.5%	-18.9%	-25.9%	-24.3%	6	6	6	6

*Unhedged **Hedged

- Falling interest rates continued to support risk markets – other than commodities – in the month of January.
- Listed property was the stand-out performer among major asset classes, as the “search for yield” continued. Australian equities overall posted a good performance, helped by strength in the high-yielding financial sector. Although international equities fell in local currency terms, \$A weakness helped to produce a gain in unhedged \$A terms. Commodities continued to slide, with weakness in oil and agricultural prices partly offset by a bounce in gold.
- Over the past year, the strongest performing asset class remains property, followed by international equities. The worst performing asset class has been commodities.

Asset Class Price Trends

Base 31-Dec-2011 = 100



Source: Thomson Reuters Datastream, BetaShares

MARKET OUTLOOK

- With the Reserve Bank of Australia's decision to cut interest rates this week, **the "yield chase" is likely to remain an important theme in the local equity market.** The RBA's decision reflects its view that the economy is likely to remain sluggish for some time, which poses a risk to corporate earnings. Supporting the market, however, is the fact that dividend yields remain attractive compared to interest rates and the weaker \$A should support earnings from offshore markets.
- **Our base case view is that the RBA will cut interest rates again, most likely in March or April.** Indeed, history shows that on the five previous occasions that the RBA changed interest rates in February over the past twenty five years – it followed up with a similar move in either March or April each time.
- Commodity prices, meanwhile, have fallen particularly hard in recent months, and **at least a corrective bounce may be anticipated, due to short-covering by speculators.** Over next few months, moreover, the oil market should be supported by the withdrawal of some supply by high cost North American producers.
- **Further weakness in the \$A also seems likely, which would support (unhedged) returns from offshore equity markets.** That said, global markets are also awaiting further details on when the US Federal Reserve will begin raising interest rates, and the rising US dollar is starting to spark concerns over the US economic recovery.

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BetaShares Product Offerings across Asset Class Types

Asset Class	Investment Exposure	BetaShares Fund	ASX Ticker	MER(%)
Australian Cash	Australian Cash	Australian High Interest Cash ETF	AAA	0.18%
Foreign Currencies	U.S. Dollars	U.S. Dollar ETF	USD	0.45%
	Euro	Euro ETF	EEU	0.45%
	British Pounds	British Pound ETF	POU	0.45%
Australian Equities	Largest 200 Australian companies by fundamental weight	FTSE RAFI Australia 200 ETF	OOZ	0.40%
	Financials Sector excluding A-REITS	S&P/ASX 200 Financials Sector ETF	OFN	0.39%
	Resources Sector	S&P/ASX 200 Resources Sector ETF	ORE	0.39%
	S&P/ASX 20 + Equity Income strategy	Equity Yield Maximiser Fund (managed fund)	YMAX	0.79%
	S&P/ASX 50 + Dividend Income strategy	Australian Dividend Harvester Fund (managed fund)	HVST	0.90%
	Geared exposure to diversified portfolio of Australian Equities	Geared Australian Equity Fund (hedge fund)	GEAR	0.80%
	Short Australian Equities	Australian Equities Bear Hedge Fund	BEAR	1.38%
International Equities	US S&P 500 Index + Equity Income Strategy	S&P 500 Yield Maximiser	UMAX	0.79%
	Largest 1000 US companies by fundamental weight	FTSE RAFI US 1000 ETF	OUS	0.40%
Commodities	Gold Bullion (US\$)	Gold Bullion ETF - Currency Hedged	OAU	0.59%
	S&P GSCI Crude Oil Index	Crude Oil Index ETF - Currency Hedged (synthetic)	OOO	0.69%
	S&P GSCI Index (Light Energy)	Commodities Basket ETF - Currency Hedged (synthetic)	OCB	0.69%
	S&P Agriculture Enhanced Select Index	Agriculture ETF - Currency Hedged (synthetic)	OAG	0.69%

Other costs may apply. Please refer to relevant PDS for more information.

*Asset Benchmarks

Cash: UBS Bank Bill Index

Australia bonds: Bloomberg Composite Bond Index

Australian property: S&P/ASX 200 A-REITs

Australian equities: S&P/ASX 200 Index

International equities: MSCI World (developed market) Equity Index, \$ A terms

Commodities: S&P GSCI Light Energy Index, \$US terms