Investment update

April 2010

Market returns reflected concerns over European sovereign debt issues, particularly in Greece, following the country's downgrade to an S&P BB+ credit rating status during the month. Portugal and Spain also experienced credit rating downgrades, leading to increased fears of European debt market contagion. In addition, the SEC's announcement of a law suit against Goldman Sachs, an oil spill in the Gulf of Mexico, and monetary policy tightening in China added to share market volatility during the month.

Australian shares

In Australia, the market returned -1.3 per cent, with defensive sectors the hardest hit. Resources stocks struggled prior to the release of the findings of the Henry Tax review, as the market speculated on the negative impact that this report would have on the sector. The Healthcare sector was negatively impacted by the poor results of one of CSL's overseas competitors, whilst Woolworth's sales results dampened the returns for the Consumer Staples sector. Telecommunications was the only sector to post positive returns, driven by the performance of Telstra, as the market priced in the expectation of a national broadband network deal with the Government occurring in the short term. Merger and acquisition activity continued to occur in the Mining and Resources sectors, but was also at play in the Consumer Staples, Financials and Energy sectors.

International shares

Global shares markets were weak, returning -1.3 per cent, however another good month for the Australian dollar saw hedged investors return a positive 0.7 per cent for the month. It was no surprise that European markets drove the negative performance, whilst returns in China, Thailand and Japan were also negative. At a sector level, Healthcare, Telecommunications and Consumer Staples stocks underperformed, whilst the Consumer Discretionary, Industrials and Information Technology sectors outperformed. Emerging Markets continued to outperform Developed markets but returns were diverse, ranging from -6.6 per cent in Israel to as high as 10.0 per cent in Egypt.

Email: service@plum.com.au
Web: www.plum.com.au
Phone: 1300 55 7586
Address: Plum Financial Services
GPO Box 63, Melbourne VIC 3001

Property

Amidst falling local and global share markets, the property sector provided some relief for investors. Local listed property rebounded 3.9 per cent over the month, whilst Global unlisted property continued its recent upward trajectory by gaining 0.5 per cent through April.

Australian and international fixed interest

Global bond markets outperformed Australian bond markets, in a month that saw domestic bond markets return to positive territory. Overseas markets performed better as bond yields rallied, with credit benefiting from high running yields, along with some limited spread contraction.

Source: JANA Investment Consultants
Please note: Past performance is not a reliable indicator of future performance