



Market Commentary

June Quarter 2014

Recent economic conditions have generally been favorable for investment markets, particularly in the US and Japan. In Europe, positive news from the UK was contrasted by conditions in the Eurozone which remain depressed. The European Central Bank (ECB) announced a stimulus package in early June that included cutting the Eurozone interest rate to 0.15% and a program aimed at encouraging new bank lending.

Tensions flared in the Middle East as the Islamic State of Iraq and Syria captured several cities and towns across Northern Iraq. The situation in Iraq remains fluid but, to date, the impact on oil markets has been moderate relative to past Middle Eastern crises as the majority of oil is exported from the relatively more stable southern regions.

Against this backdrop, Global Shares had a very strong quarter and rose 5.4% (hedged into AUD). The Australian Dollar strengthened and this resulted in a lower return of 3.3% on an unhedged basis.

In terms of regions, the US share market produced a strong absolute return and Japanese stocks performed well towards the end of the quarter as investors became less concerned about the impact of a consumption tax increase. Emerging markets outperformed developed markets, while the Australian share market returned 0.9% and underperformed as consumer confidence fell following the release of the federal budget.

From a global sector perspective, energy stocks were the strongest performers due to fears that the turmoil in Iraq will lead to an oil shortage. Small cap stocks generally underperformed large cap stocks, while listed property was the strongest performing sector and also outperformed unlisted property.

Returns from bonds were also positive. Australian bonds outperformed global bonds as the market priced in the implications of lower future economic growth. Global investment grade credit outperformed global government bonds.

The Australian Dollar (AUD) strengthened against most major developed market currencies. The AUD continues to be one of the strongest performing currencies, partly reflecting higher domestic interest rates. The British Pound was the strongest performing major currency as investors responded to the prospect of rising interest rates in the UK.

Market Performance – 30 June 2014	Quarter	1 Year
Australian Equities	0.9%	17.3%
Australian Property (Unlisted)*	1.5%	7.8%
Australian Property (Listed)	9.2%	11.1%
Overseas Equities (Hedged into AUD)	5.4%	23.9%
Overseas Equities (Unhedged into AUD)	3.3%	19.8%
Australian Bonds	3.1%	6.1%
Overseas Bonds (Hedged into AUD)	2.2%	7.0%
Cash	0.7%	2.7%
Australian Dollar vs. US Dollar	1.8%	3.1%

**Estimate at 9/7/2014*

Source – JANA, FactSet, S&P, MSCI, Mercer, UBS, Barclays

Returns across all NTGPASS options were positive over the June quarter and have contributed to very good returns over the full financial year. These returns are shown in the table below:

To 30 June 2014

Option	NTGPASS Superannuation Returns		NTGPASS Pension Returns	
	1 Year	3 Years (%pa)	1 Year	3 Years (%pa)
Managed Cash	2.16%	2.92%	2.64%	3.47%
Conservative	7.57%	6.74%	8.99%	7.90%
Cautious	10.33%	8.25%	12.15%	9.61%
Growth	14.04%	9.98%	16.02%	11.55%
Assertive	15.57%	10.65%	17.57%	12.11%
Aggressive	17.82%	11.46%	19.62%	12.33%

If you have not made an investment choice, the default superannuation account investment option is the Growth Option (there is no default option for pension accounts). Please refer to the NTGPASS website for more details

Issued by JANA Investment Advisers Pty Ltd (ABN 97 006 717 568) (AFSL 230693).

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