FOX Wealth Management

Quarterly Review

March 2014

This review looks at the global investment markets and reports on some of the underlying asset class performance and influences.

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Version: 1.0.0
Date: 10th April 2014

Contents

Please Note: Past performance is not a reliable indicator of future performance.

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Overview

The global equity markets pulled back from their strong gains over calendar year 2013 posting mainly negative returns for the March 2014 quarter reflecting in part, the international tension regarding Russia's annexation of Crimea and growth concerns for Emerging Markets. The global debt markets marked time as the economic data releases were put under the microscope to gauge any impact on market liquidity that may be evident following the first phase of the deliberate rollback by the U.S. Federal Reserve Bank ("Fed") of the quantitative easing ("QE") programme. Investors avoided both the equity and debt markets fearing volatility in favour of global property assets as they probed for alternative sources of uncorrelated returns.

The main background factors that made the global markets stop and think about of the risks that 2014 will present, include the following:

- The Ukraine conflict – sanctions will constrain growth in the region;
- The slowing of growth in China and the consequences for the Asian emerging markets; and
- The impact of any Monetary Policy changes by the Fed in the U.S.

The asset class returns reflected the mildly nervous mood of investors as these uncertain developments weighed on their next move resulting in profit taking and portfolio re-weighting:

Country/Asset Class	1	3	6	12	24	36	60
United States Shares	-2.68%	**-1.87%**	13.15%	36.20%	23.77%	18.15%	7.34%
European Shares	-4.63%	**-1.58%**	11.09%	40.60%	24.88%	13.16%	2.32%
Asian Shares	0.38%	**-3.14%**	-0.63%	1.74%	4.15%	1.57%	3.78%
Emerging Markets Shares	-0.75%	**-4.12%**	2.11%	10.69%	6.05%	0.79%	0.41%
Japanese Shares	-4.70%	**-8.89%**	-2.60%	20.94%	14.21%	9.30%	0.52%
China Shares	-5.33%	**-9.35%**	-1.57%	14.79%	10.44%	2.00%	0.87%
Korean Shares	-3.27%	**-5.60%**	2.64%	18.38%	9.32%	4.07%	2.99%
Singapore Shares	-0.97%	**-4.34%**	0.68%	10.05%	11.21%	6.75%	4.33%
Taiwanese Shares	-0.76%	**-2.41%**	6.40%	24.28%	12.08%	5.85%	1.80%
Australian Shares	0.29%	**2.08%**	5.57%	13.45%	16.66%	8.54%	4.74%
Aust Small Companies	-1.16%	**0.89%**	0.74%	-1.46%	-3.66%	-5.33%	0.58%
Global Property	0.11%	**7.45%**	7.85%	5.09%	13.03%	9.27%	4.53%
Australian Listed Property	3.08%	**3.83%**	9.12%	20.28%	28.98%	17.78%	11.08%
Global Bonds	0.31%	**2.67%**	3.49%	3.68%	6.13%	8.01%	8.11%
Australian Bonds	0.02%	**1.45%**	1.83%	3.30%	5.15%	6.74%	7.06%
Australian Cash	0.22%	**0.64%**	1.29%	2.75%	3.16%	3.74%	4.38%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

Note: The above returns are total returns in Australian dollars, assuming dividends and coupons are re-invested.

Over this quarter, many economists had expected to observe how the global debt markets would respond to the tapering in liquidity that has supported growth over the last few years, especially in the equity markets with the Dow Jones Industrial Average ("Dow") starting to hit pre GFC highs again.

From all accounts, the QE tapering measures undertaken by the Fed seem to have been absorbed by the debt market without undue pressure on interest rates or investment grade credit margins. In fact, the debt markets rallied which seems to have caught the equity markets off-guard.

Most analysts see the rest of 2014 as being a positive for shares and slightly negative for debt instruments (such as bonds) as interest rates eventually rise in response to further unwinding by the Fed and demand for credit expands.

The immediate challenge ahead is the traditional softness for share prices over the June quarter as many companies go ex-dividend and pay cash to investors. This period is also the time for accountants to get together with their client's financial advisers to look at the capital gains (both realised and unrealised) of their investment portfolios. This can result in tax planning activities which may push markets lower as adjustments are made between realised gains and unrealised losses or vice versa.

North America

As winter comes to an end and spring emerges there are encouraging signs of confidence from within the U.S. economy. Many economists are pointing to the broad-based improvement in the March quarter performance across many industries, involving small and large businesses as a precursor to a good 2014 year ahead.

The housing market is still far from making a full recovery in much of the country however the latest data suggests that a turnaround may be underway with the average U.S. home price up 12.2% in February 2014, compared with a year ago. The average home price remains about 17% below the peak reached in 2006. Housing experts expect price rises to slow down in the U.S. this year.

The unemployment rate, reported by the U.S. Bureau of Labor Statistics, increased to 6.7% in February 2014 from 6.6% in January. It is interesting to note that the unemployment rate in the U.S. averaged 5.83% from 1948 until 2014, reaching an all time high of 10.8% in November of 1982 and a record low of 2.5% in May of 1953. The unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. The unemployment rate is very close to the initial target rate of 6.5% of the Fed so the QE response is seen as broadly in line with their stated policy objectives.

Apart from the stubborn employment situation, the U.S. growth horizon is looking particularly rosy with the latest economic data continuing to show positive signs:

- The Gross Domestic Product (“GDP”) expanded at an annual rate of 2.6% in the fourth quarter of 2013 over the previous quarter;
- Business Confidence increased to 53.7% in March of 2014 from 53.2% in February;
- Industrial Production increased 0.62% in February of 2014 over the previous month;
- Retail Sales increased 0.3% in February of 2014 over the previous month and increased 1.5% in February of 2014 over the same month in the previous year;
- House Price Index increased 0.5% in January of 2014 over the previous month; and
- The inflation rate was recorded at 1.1% in February of 2014.

Many economists believe that the U.S. economy could grow by up to 3 % this year, which should provide a positive lead and support for the rest of the developed and emerging market economies.

Europe

Europe has suffered a set-back as fallout from the Ukrainian situation overhangs the market sentiment. Other background factors such as the unemployment rate remain laggards on growth prospects. The unemployment rate is quite varied across Europe as the following table reveals:

Country	Unemployment Rate %	Country	Unemployment Rate %
Germany	5.1%	Greece	27.5%
France	10.2%	Spain	26.0%
United Kingdom	7.2%	Ireland	11.8%
Switzerland	3.5%	Portugal	15.3%
Austria	8.4%	Italy	13.0%

At the end of the March 2014 quarter, the Eurozone economy has shown muted improvement resuming the subdued state of the last twelve months. The bearish and widely diverging resumption of activities still prevails, after the four-year recession period which theoretically ended at the second quarter of 2013, when a marginal increase of 0.3% in GDP was recorded.

The European Commission released its estimate for the March 2014 Business Climate Indicator (BCI) for the euro area which remained broadly unchanged (+0.39) according to an article reported in the European Sting by Elias Lacon.

Euro zone annual inflation ticked down to 0.5% in March, the lowest level since 2009 when the economy was deep in recession, and its sixth month below 1% in what ECB President Mario Draghi has described as "the danger zone."

For the moment, the region is “on hold” as the latest developments unfold and we can only hope the situation is resolved peacefully in the not too distant future.

Asia

The market in Asia this time of the year tends to be distracted by the Lunar New Year celebrations but that still does not fully explain the markets softness and the ongoing issues that China is facing. Economic data released recently seems to indicate that Chinese manufacturing across industries like steel cement and shipbuilding are suffering from over-capacity with a noticeable build up of inventory. The so called “credit bubble” and the eventual deflation is a major concern for continued slowdown of the economy. The Government has responded by expediting construction of rail projects and cut taxes for small companies this year to help boost activity.

On the positive side, the economy is still quite robust:

- The inflation rate was recorded at 2% in February of 2014;
- Manufacturing as measured by the official Purchasing Manager Index (“PMI”) increased to 50.3% in March of 2014 from 50.2% in February of 2014. A PMI reading above 50 points indicates that the manufacturing is generally expanding and below 50 that is generally declining.
- Consumer Confidence increased to 103.10 in February of 2014 from 101.10 in January of 2014;
- The Gross Domestic Product (“GDP”) expanded 7.7% in the fourth quarter of 2013 over the same quarter of the previous year. The official forecast for GDP growth for this year remains 7.5% but some rhetoric suggests this may be lowered.;
- Industrial Production increased 8.6% percent in February of 2014 over the same month in the previous year.

Qu Hongbin, HSBC's Hong Kong-based chief China economist expects Chinese authorities to take policy steps to stabilise the economy, with actions including easing barriers to private investment, spending on urban railways, public housing and fighting air pollution, as well as "guiding lending rates lower".

China will not let its economic growth slip too fast and has been successful at avoiding at hard landing to date.

Japan

Japanese business sentiment improved in the three months to March 2014 but is set to weaken in the following quarter, the central bank's "tankan" survey showed, on concerns that the increase in the consumption tax rate from 5% to 8% that came into effect on April 1, 2014 will dent a fragile economic recovery.

In the short term, economists expect the economy will contract in April-June 2014 period due to the tax hike, before returning to moderate growth in following quarters. The Bank of Japan is likely to stick to its assessment that the economy will recover moderately, despite risks such as the tax hike and sluggish exports.

Many analysts expect the BOJ to cut its economic growth estimate of 2.7% for the year ending in March 2014, taking into account a downward revision in GDP growth in the final quarter of last year.

Australia

Australian Investors have shrugged off the global developments as the half yearly company reporting, post the end of calendar year 2013, revealed better than expected results for a large component of the industries (excluding the mining sector). The impact of the tapering of the U.S. QE programme seems to have limited impact on the domestic market with interest rates holding the relatively cheap levels experienced over the last few years.

The risk to the Australian economy remains embedded in the uncertainty surrounding employment with the latest unemployment rate stuck at 6% and markets expecting this to rise to 6.5% before the economy starts to improve. The transitioning of the workforce from the mining sector to the services sector is progressing however there have been considerable drawbacks including the downsizing of companies due to the global slowdown, the strength of the Australian dollar and the competiveness of Australia’s main trading partners, such as China and Japan.

The Reserve Bank of Australia (“RBA”) kept the cash rate steady in early April 2014 at 2.5%, believing that it is prudent to maintain the current level to allow industries to recover further. The RBA is concerned about house prices. House and unit prices have continued to rise strongly. While there is continued talk of “bubble”, most analysts believe that a large component of the house price rises to date is “catch up” for the last seven years of muted price increases. Continued price rises at their current pace for the rest of 2014 would put the sector close to bubble territory. RBA Governor, Glen Stevens has been vocal recently about the fact that house prices "can go down as well as up" suggesting buyers should be cautious.

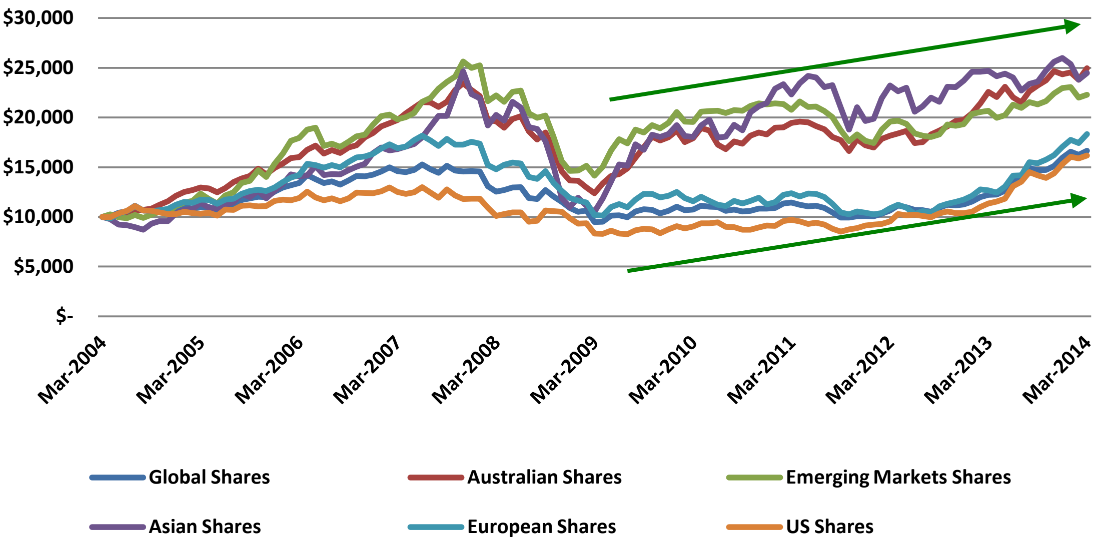
With company earnings and associated profits forecast to be improving over 2014, we expect the share market to be well supported with the main risk to investors still in the interest rate markets as growth filters through the economy.

Global Share Markets

Investors and Global fund allocators decided that profit taking was the order of the day. With the winter being quite severe in the Northern Hemisphere it would appear the bears were in hibernation but the bulls pulled their horns back to contemplate what will be the best sectors to focus their attention over the rest of 2014.

The Fed began the much anticipated unwinding of the QE programme that has supported equity markets over the last few years. The market watch nervously as the first tranche of the programme was implemented. The fact that the market was not sold off aggressively has added strength to the recovery process and underpinned the expected continued strength of company share earnings and prices. The overall trend for global shares remains positive despite the pullback:

10 Year Global Shares $10,000 Rolled-up A$ Monthly Returns



SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

Note: The Global Share performance has been calculated in AUD terms so the historical returns have been impacted by the AUD performance over the period (+/-). The rolled-up value in the chart represents an unhedged position in overseas shares.

Global Interest Rate Markets

With the economic data revealing pockets of strong growth, there was an expectation that inflation would emerge however, a number of key statistics that historically would be early indicators have not lived up to expectations. A number of analysts believe that it is too early to measure the impact of the tapering of the QE programme which started in January 2014 so markets tended to mark time and investors were content with their "buy and hold" strategies for now.

The much anticipated rise in the longer term of interest rates was subdued over the quarter. Again, the accommodative monetary policy stance of the developed world economies post the GFC continues to aid companies to repair their balance sheets and engage in expansionary activities.

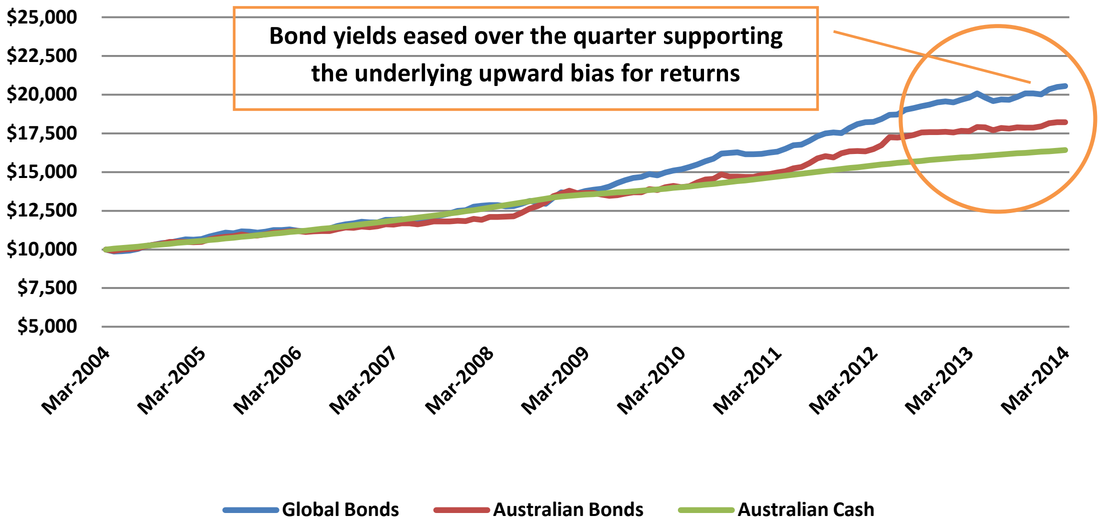
The 10 year U.S. Government Bonds ended the quarter at 2.73% compared to December 2013 when the closed at 3.02% which was contrary to expectations. Elsewhere, Government 10 year security yields ended the quarter at the following levels:

Country	March 2014	Dec 2013	Country	March 2014	Dec 2013
Germany	1.57%	1.94%	**New Zealand**	4.57%	4.71%
Japan	0.63%	0.74%	**Canada**	2.46%	2.78%
United Kingdom	2.73%	3.04%	**Australia**	4.08%	4.23%

SOURCE: RESERVE BANK OF AUSTRALIA

As the recent bond markets reveal, there is not a lot of nervousness surrounding interest rates at this point in time as investors wait to see evidence of inflation or early signs of any upticks in demand before reacting.

10 Year Global Bonds & Cash $10,000 Rolled-up A$ Monthly Returns



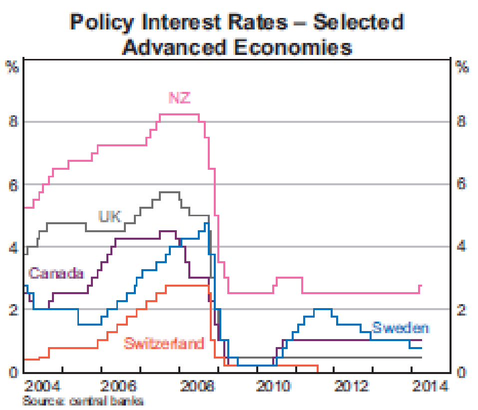
Source Data: Lonsec as at 31st March 2014

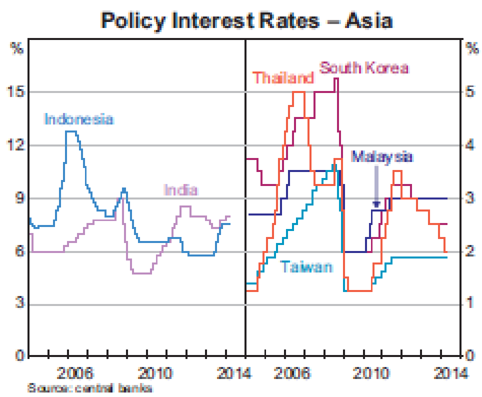
Note: The Global Bond performance has been calculated in AUD terms so the returns have been impacted by the AUD performance over the period. The rolled-up value for Global Bonds in the chart represents a fully hedged position.

Global official interest rates are stable at the lower levels with Japan the only country to record a tightening bias but this was actioned in April 2013 and has seen no change since. The European Central Bank ("ECB") last moved official interest rates lower in November of 2013 and the RBA back in August 2013.

Year	US Fed	Japan	ECB	UK	Canada	Australia
Mar-04	1.000	0.00	2.00	4.00	2.25	5.25
Mar-05	2.750	0.00	2.00	4.75	2.50	5.50
Mar-06	4.750	0.00	2.50	4.50	3.75	5.50
Mar-07	5.250	0.50	3.75	5.25	4.25	6.25
Mar-08	2.250	0.50	4.00	5.25	3.50	7.25
Mar-09	0.125	0.10	1.50	0.50	0.50	3.25
Mar-10	0.125	0.10	1.00	0.50	0.25	4.00
Mar-11	0.125	0.05	1.00	0.50	1.00	4.75
Mar-12	0.125	0.05	1.00	0.50	1.00	4.25
Mar-13	0.125	0.05	0.75	0.50	1.00	3.00
Mar-14	0.130	0.10	0.25	0.50	1.00	2.50

Source Data: Reserve Bank Of Australia





Asset Class Review

Growth assets fell sharply over the quarter with global property the only growth asset class rewarding patient investors. Investor confidence is improving in the US and Europe although the recent conflict in the Ukraine has dampened European attractiveness for fresh investment.

Defensive assets recorded positive returns over the quarter as the market noted the lack of volatility following the implementation of the first tranche of the QE tapering strategy.

Asset Class	3	6	12
GROWTH			
Global Shares - Unhedged	-2.39%	10.49%	34.74%
Global Shares - Hedged	1.46%	10.88%	21.48%
Australian Shares	2.08%	5.57%	13.45%
Global Property	7.45%	7.85%	5.09%
Australian Property	3.14%	1.57%	5.01%
Global Infrastructure	7.68%	11.94%	17.32%
DEFENSIVE			
Global Fixed Interest	2.67%	3.49%	3.68%
Australian Fixed Interest	1.45%	1.83%	3.30%
Australian Cash	0.64%	1.29%	2.75%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

Note: The above performance returns reflect total returns in Australian Dollars (prices plus dividends assumed reinvested).

Global Share Markets

Profit taking was the order of the day for the global share markets over the March quarter as demand was tempered by logistical problems caused by the severe winter in the Northern Hemisphere and QE uncertainty.

Country	3	6	12	24
United States	-1.87%	13.15%	36.20%	23.77%
Europe	-1.58%	11.09%	40.60%	24.88%
Asia	-3.14%	-0.63%	1.74%	4.15%
Emerging Markets	-4.12%	2.11%	10.69%	6.05%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

European share markets were buoyed by a purchasing managers' survey for March that showed that the euro zone remained in expansion mode and that the job market has begun to stabilize. France was notably strong during the quarter, while the pace of German expansion softened.

Asia as a region was impacted by the subdued economic activity emanating from the major trading partner, China. Factory output showed the largest fall since September 2012. Firms cut their workforce numbers and purchasing activity, while both input and output prices fell to the greatest extent since August 2012. Other negative factors were credit related from bad loan write downs.

Emerging markets were impacted from the fallout of China's credit and growth problems along with the political tensions in Russia and the Ukraine.

As China's investment-led economy turns into one driven by consumption, the pendulum that swung away from developed countries for two decades is starting to swing back.

Country	3	6	12	24
Japan	-8.89%	-2.60%	20.94%	14.21%
China	-9.35%	-1.57%	14.79%	10.44%
South Korea	-5.60%	2.64%	18.38%	9.32%
Singapore	-4.34%	0.68%	10.05%	11.21%
Taiwan	-2.41%	6.40%	24.28%	12.08%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

In Japan, investors are awaiting the introduction of the Governments increase in sales tax from 5% to 8% which comes into effect in April 2014. Japan needs a range of stimulus to offset the effect of the April tax hike.

Domestic Share Markets

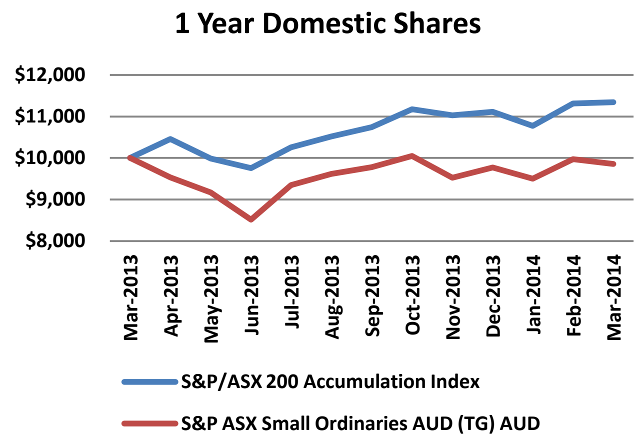
The Australian share market posted reasonable gains of 2.08% over the quarter against an uncertain global back drop. The February-March 2014 reporting season, half-year results to 31 December 2013 for the bulk of companies, revealed a stronger-than-expected performance from corporate Australia, with profit growth across the market averaging about 12 per cent on most collations.

Asset Class	3	6	12
S&P/ASX 200 Accumulation Index	2.08%	5.57%	13.45%
S&P ASX Small Ords TR Index	0.89%	0.74%	-1.46%

SOURCE DATA – LONSEC AS AT 31ST MARCH 2014

The latest seasonally adjusted unemployment rate was 6% in February 2014 compared to 5.9% in December 2013.

The following chart looks at the growth of $10,000 rolled-up monthly over the past year:



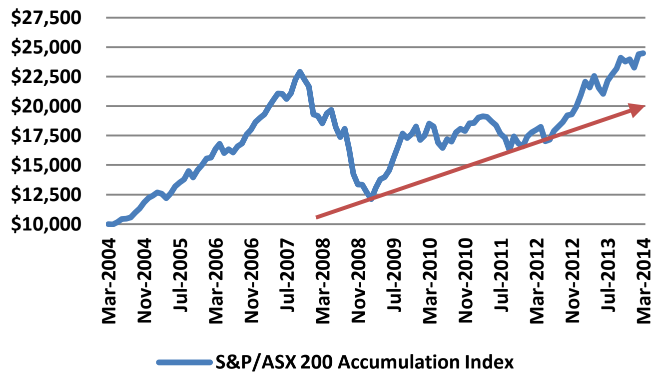
SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

With confidence improving and company profits edging higher, the market was able to shrug off the global distractions and post modest gains across most industries.

S&P/ASX200 GIC's	3	6	12
Telecommunication Services	0.34%	6.29%	**21.84%**
Consumer Discretionary	0.91%	4.02%	**20.20%**
Information Technology	6.53%	10.19%	**19.51%**
Financials - ex - A-REITS	3.84%	9.11%	**19.38%**
Health Care	1.22%	6.58%	**17.40%**
Industrials	3.27%	4.07%	**8.87%**
Materials	-0.41%	4.77%	**8.28%**
Energy	1.74%	-1.29%	**7.41%**
Utilities	4.43%	3.98%	**5.84%**
Real Estate Trusts (REITS)	3.15%	1.58%	**2.97%**
Consumer Staples	-0.86%	0.22%	**2.53%**

SOURCE DATA: IRESS/LONSEC AS AT 31ST MARCH 2014

The following chart looks at the growth of $10,000 rolled-up monthly over the past 10 years for domestic shares:



SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

For 2014 share analysts see the Australian market moving higher with some predicting the S&P/ASX200 to head towards 5,700 and up to the 6,000 mark. With the S&P/ASX200 currently at around 5,400, this would put growth estimates between 5.5% (5,700) and 11.1% (6,000).

In terms of dividends, analysts expect defensive stocks to deliver around the 4.5% which if fully franked at 100% (company tax at 30%) would deliver 6.43% grossed up.

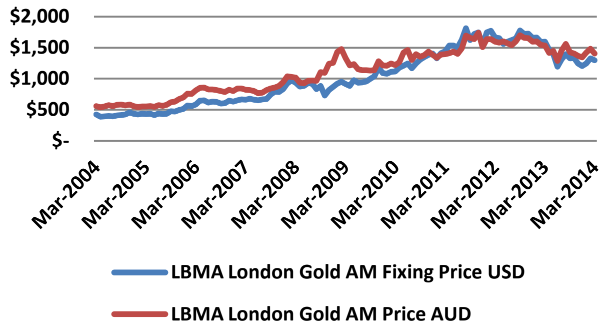
Global Commodities

Many analysts believe that the commodity super-cycle has topped out. Induced by record high prices, producers have boosted output; increases in supply have caught up with growth-diminished gains in demand.

Commodity prices will likely not exceed their recent inflation-adjusted peaks for a long time, putting pressure on commodity based economies such as Australia.

The broader commodity market prices ended the quarter in positive territory (+2.76%) despite the falls in March 2014. Gold recovered ending the quarter at US$1,294 (A$1,403) up from US$1,201.

Gold	3	6	12	24
USD Gold	7.70%	-2.45%	-19.04%	-22.17%
AUD Gold	4.51%	-1.52%	-8.46%	-12.20%



SOURCE DATA LONSEC AS AT 31ST MARCH 2014

The AUD finished the quarter sharply higher at AUD/USD 0.9221 but lower than it was compared to a year ago at AUD/USD 1.0426. Currency forecasters see the AUD/USD range between 0.8250 and 0.9750 cents in the year ahead.

Currency	3	6	12	24
AUD/USD	3.05%	-0.95%	-11.56%	-11.35%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

Spot West Texas Intermediate ("WTI") oil ended the quarter at US$101.57 (+3.46%) a barrel from December 2013 close of US$98.17.

Oil	3	6	12	24
WTI Spot Prices	3.46%	-0.77%	4.45%	-0.71%

Domestic & Global Property

Globally, the property sector stormed back from the doldrums posting strong returns as the yields, inflation and the prospect of capital gains attracted investors.

Country	3	6	12	24
Global Property	7.45%	7.85%	5.09%	13.03%
Australian Listed Property	3.14%	1.57%	5.01%	17.17%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

The Australian sector lagged the global markets still impacted by the prospects of higher commercial vacancy rates as the mining sector cools, together with, increasing interest rates and the flow-on effects that unhedged borrowings may have on valuations. Post GFC however, most funds have moderate gearing levels with CPI indexed leases in place to counter interest rate rises.

The residential market Sydney is really hotting up. The latest figures from RP Data's - Rismark Home Value Index, shows that capital city prices are now up 10.6% over the past year, with prices recording increases of Sydney (+15.8%), Melbourne (+4.7%), Perth (2.9%) and Canberra (1.2%).

Debt Markets

Adding to the slightly more "hawkish" attitude to the global debt markets nervous disposition was an off-hand answer to a question about the possibility of interest rate rises at the U.S. Fed Chair Yellen's first press conference; when asked to define "considerable period," she noted that, "while the definition was fluid and dependent on incoming data, it could mean six months after the end of bond purchases".

Investors want to know how much 'thought' went into her comment about a possible rate rise in six months, post the finish of the QE tapering.

A low level of inflation in the developed economies has encouraged a view that the path to normalisation of central banks' short-term interest rates will be prolonged, with developed-market interest rate increases now expected in 2015.

The US 10 year Government bonds closed at 2.73% for the quarter down in yield from 3.02% in December, 2013 (+0.29%) while Australian Government 10 year bonds finished March at 4.08% down in yield from 4.23% in December (+0.15%). The interest differential between the 10 year US bonds and AUD bonds was 1.35% an increase of 0.15% over last quarter despite the fall in yields.

The mark-to-market returns to investors were as follows:

Country	3	6	12	24
Global Bonds	2.67%	3.49%	3.68%	6.13%
Australian Bonds	1.45%	1.83%	3.30%	5.15%
Australian Cash	0.64%	1.29%	2.75%	3.16%

SOURCE DATA: LONSEC AS AT 31ST MARCH 2014

The Reserve Bank of Australia retained its accommodative monetary policy stance leaving the target cash rate unchanged at 2.5%.

Most domestic economists are expecting little to no change in the official cash rates in the medium term.

Summary

The U.S. and European equity markets remain the centre of attention as investor's look for signs of any weakness in the economic data following the U.S. QE Tapering and the political unrest in Europe

For Australian investors, the weakening of the Australian dollar to around 90 cents has helped the broader economy however the widening of the interest rate differentials with the U.S. will attract capital flows back to Australia and erode this advantage.

China still holds the key to the regions recovery. The credit situation and the inventory build-up is a concern however, the annual GDP growth is expected to hold the 7% level, which will underpin demand for raw materials.

Key Message

There are always "X" factors that spook markets but ultimately, investors rely on fundamentals to drive investment decisions.

The fundamentals are positive medium term and this will drive markets post this short term test of markets resolve.

The recent market reaction to the Fed's Chair, Janet Yellen's comments suggests there is a lot of scope for bond-market volatility arising from shifting market perceptions around central banks' policy objectives.

The growing consensus among economists is that equities will rise this year and so will the bond yields. This view is already causing changes in the way investors are positioning risk in their portfolios. This can lead to periods, as experienced in January, which result in market setbacks however such corrections appear to be more technical than fundamental in nature.

Looking ahead, we expect the medium term positive growth momentum will be restored and the markets will resume their upward bias.

The key factors to watch for are that:

- EM (China and Russia) economic and political risks remain contained; and
- Central banks continue to support a slow normalisation process for policy and interest rates.

If these factors hold over the coming quarter, we should expect to see a better background for equities and a more challenging one for bonds.

For Australia, we are entering the tax planning season prior to the financial year end when markets historically tend to go through a soft patch. Again, the longer term focus remains positive for equities.

Disclaimer

The information contained in this report is not personal advice and does not take into account the investment objectives, financial situation or needs of any person. Past performance is not necessarily an indication of future performance. Future results are impossible to predict.

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Note: The data used in this review was sourced from LONSEC, http://www.lonsec.com.au accessed on the 7th April 2014.

Benchmark	Country/Asset Class
S&P 500 (TR) AUD	United States
MSCI Europe Acc Index with Gross Div A$	Europe
S&P Asia 50 Net TR Index USD	Asia
MSCI Emerging Mkt Free Net Div Reinv $A	Emerging Markets
MSCI JAPAN (Net TR) AUD	Japan
MSCI China NR AUD	China
MSCI KOREA (Net TR) AUD	Korea
MSCI SINGAPORE (Net TR) AUD	Singapore
MSCI TAIWAN (Net TR) AUD	Taiwan
S&P/ASX 200 Accumulation Index	Australian Shares
S&P ASX Small Ordinaries AUD (TG) AUD	Australian Small Companies
FTSE EPRA/NAREIT Developed REITS Net TR Index (AUD Hedged)	Global Property
S&P ASX 200 Financial-x-A-REIT (Sector) AUD (TG) AUD	Australian Listed Property
Barclays Capital Global Aggregate ($A Hedged)	Global Bonds
UBS Composite Bond Index (0+ Yrs)	Australian Bonds
UBS Bank Bill Index	Australian Cash

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