


Quarterly Market Commentary as at 31 March 2013*

Market Indices	Returns as at 31 March 2013					
	3 mth (%)	6 mth (%)	1 yr (%)	3 yr (% p.a.)	5 yr (% p.a.)	10 yr (% p.a.)
Australian Shares						
S&P/ASX 200 Accumulation Index	8.1	15.7	20.0	5.2	3.1	10.3
International Shares						
MSCI World ex Aust Net Index (AUD)	7.3	10.0	10.9	4.0	-0.6	2.9
Australian Fixed Interest						
UBS Australian Composite Bond Index 0+ Yr	0.2	0.4	7.0	8.0	7.8	6.3
International Fixed Interest						
Citigroup World Govt Bond ex Australia 100% Hdq (AUD)	1.6	3.2	8.3	8.8	8.4	7.6
Property						
S&P/ASX 200 A-REIT Accumulation Index	5.2	12.4	30.7	11.7	-3.7	2.9
Cash						
UBS Australian Bank Bill Index	0.7	1.6	3.6	4.4	4.7	5.3
Currency						
Australian Dollar (\$A/\$US)	0.3	0.1	0.5	4.3	2.7	5.6

Financial markets commentary:

After rising in value for the first 2 months of 2013, the S&P/ASX 200 Index weakened late in the last month of the quarter, as concerns in the Eurozone, particularly in Cyprus, resurfaced. For the quarter as a whole, the S&P/ASX 200 Accumulation Index increased by 8.1%.

The MSCI World Index performed well in the first quarter of 2013 returning 9.8% in local currency terms, 7.3% in Australian dollars terms. Global Equity markets rose for the month of January on improved sentiment, strong inflows and improved economic momentum, following on from gains in December. However, individual country performance was mixed for the months of February and March. Gains were strongest for the Japanese and US equity markets. On 5 March, the Dow Jones reached its highest level since September 2007, and continued to gain new ground following this. Stronger economic data and positive comments from the Federal Reserve fuelled the gains. Japanese equity markets were buoyed by growing expectations that new Bank of Japan Governor, Haruhiko Kuroda, would enact aggressive monetary policy easing to stave off deflation, which consequently depreciated the Yen.

In January 2013, European equity markets were stronger, with Italy up 7.2% despite the near term risks possible from the upcoming election. In February, European equity markets were predominantly weaker, and Italy fell 8.7% for the month on political risk from the election which resulted in a hung parliament. In March, there were further worries for the European Economic Community due to the bailout program negotiations and ensuing banking crisis in Cyprus.

For the 3 months to 31 March 2013, the interest rate for an Australian 10-year Commonwealth Government Security (CGS) increased by 15 basis points to 3.42%. This pushed the rate above the Reserve Bank of Australia's (RBA) current Official Cash Rate of 3.0% for the first time since July 2011 as market participants continued to price the chance of rate cuts over the course of 2013.

*Source: This commentary has been prepared by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA) and is general information only.