Tumbling down

Only the energy and materials sectors were spared in the June sharemarket decline.

AFTER RISING almost 150 per cent in the previous four years, the Australian sharemarket, in the year to June 2008, produced its first negative return since 2002-03. The continued rise in oil and commodity prices helped the energy and materials sectors but hindered others. That, together with the effects of the credit crunch emanating from the United States, saw the Australian market decline by the largest amount since 1982.

Australian energy companies were the best performers in 2007-08, returning a healthy 22.2 per cent. Materials was the only other sector to produce a positive return. Consumer discretionary stocks were worst affected by the credit concerns, which also produced big falls in financial and property stocks.

Small-cap stocks were the weakest performers, losing 20.5 per cent in the year to June 2008. Mid-cap and large-cap indices also posted losses, although the declines were less severe (18.2 per cent and 11.8 per cent respectively).

All large overseas markets, apart from Canada, lost ground and the MSCI World ex-Australia Index was down 21.3 per cent on an unhedged basis. The strong Australian dollar resulted in fully hedged investors losing 13.7 per cent for the year.

Emerging markets were less affected than developed markets, dropping by 7.5 per cent in Australian dollars, after outperforming them every financial year since 2002-03.

As with the Australian market, the energy and materials sectors were the only positive performers. Financials bore the brunt of the falls as did the consumer discretionary sector.

Growth stocks reversed a four-year trend, beating value stocks by almost 8 per cent. Over the past five years, the S&P/Citigroup PMI Value Index delivered returns of 5.6 per cent a year while the S&P/Citigroup PMI Growth Index returned 3.2 per cent and the MSCI World ex-Australia Index returned 4 per cent a year. ✪

EXPLANATORY NOTES TO TABLES

The returns for periods of a year or more are equivalent annual rates of return. Brackets show the rankings for the month.

DISCLAIMER

Caution should be exercised in comparing these funds. Some of the funds have different characteristics and are therefore not directly comparable. Past investment performance is neither an adequate test of comparative performance nor a reliable indicator of the expected absolute level of return in the future. In preparing this survey, reliance is placed upon the information supplied by the institution in respect of which the data apply. The information contained in this survey is intended, and purports to be, a general statement only, covering the investment performance of investment-linked funds. It has not been prepared having regard to your specific circumstances and therefore you should not act on the information contained herein without taking appropriate professional advice.

MERCER AUSTRALIAN SHARES

To end June 2008

Manager	1 month (%)	3 months (%)	1 year (%)
SGH Absolute Return	-1.6 (1)	10.1 (2)	-0.6 (2)
Agora Absolute Return	-2.8 (2)	-1.2 (69)	-7.8 (21)
Macq Long Short Equitised	-3.1 (3)	5.0 (4)	-1.2 (3)
ING Select Leaders	-4.4 (4)	4.7 (6)	-4.0 (8)
GSJBW Australia Flex	-4.6 (5)	3.7 (7)	
Macq Alpha Opportunities	-4.6 (5)	2.6 (11)	-6.3 (12)
ING Sustainable, Aust Share	-4.8 (7)	2.2 (18)	-3.7 (7)
ING Aust Shares Comp	-5.0 (8)	0.8 (28)	-8.5 (24)
SGH 20	-5.0 (9)	11.5 (1)	12.0 (1)
Ausbil Aust Concentrated	-5.2 (10)	0.3 (40)	-10.1 (41)
95th percentile	-5.0	3.7	-3.8
Upper quartile	-6.3	0.5	-9.0
Mercer median	-7.1	-1.2	-12.3
Lower quartile	-8.1	-3.3	-14.7
5th percentile	-10.6	-8.3	-24.1
Number of funds	138	137	126
S&P/ASX300 (All Ords b/f 1/4/00)	-7.6 (92)	-1.7 (84)	-13.7 (86)

MERCER OVERSEAS SHARES

To end June 2008

Manager	1 month (%)	3 months (%)	1 year (%)
RCM Global Unconstrained	-2.6 (1)	2.1 (1)	0.3 (1)
Marvin & Palmer Associates	-4.3 (2)	1.3 (2)	-4.3 (2)
GSJBW Global Flex	-5.7 (3)	-3.1 (19)	-24.9 (89)
Alliance Large Cap Growth	-6.0 (4)	-1.6 (7)	-11.7 (13)
Perennial Global High Alpha	-6.1 (5)	0.8 (3)	-10.7 (8)
SSgA Global Alpha Edge	-6.3 (6)	-3.0 (18)	-17.4 (28)
Walter Scott	-6.3 (7)	-2.8 (15)	-10.8 (9)
RCM Global High Alpha	-6.4 (8)	-3.7 (25)	-13.6 (18)
GMO Global Growth Equity	-6.6 (9)	-3.8 (26)	-15.2 (21)
Newton Higher Income	-6.6 (9)	-2.0 (10)	
95th percentile	-6.3	-1.4	-9.9
Upper quartile	-7.6	-4.0	-17.3
Mercer median	-8.4	-5.8	-20.9
Lower quartile	-9.2	-6.8	-22.8
5th percentile	-10.4	-9.4	-27.4
Number of funds	109	108	105
MSCI World ex-Australia	-8.6 (67)	-6.6 (74)	-21.3 (60)

MERCER AUSTRALIAN FIXED INCOME

To end June 2008

Manager	1 month (%)	3 months (%)	1 year (%)
Vianova Core Plus	0.8 (1)	0.1 (34)	9.6 (1)
Vianova Absolute Return	0.7 (2)	1.1 (1)	7.0 (2)
Macquarie Core Plus	0.6 (3)	-1.6 (43)	0.5 (41)
UBS Aust Bond	0.4 (4)	0.1 (35)	4.1 (17)
Perpetual Active	0.4 (5)	1.0 (3)	2.8 (31)
Wellington Core Bond Plus	0.4 (5)	0.8 (6)	5.5 (3)
IAGAM Fixed Interest	0.4 (7)	0.5 (16)	4.3 (11)
Macquarie Core	0.4 (8)	0.3 (30)	3.7 (24)
AllianceBern. Enhanced Pass.	0.4 (9)	0.6 (10)	4.3 (12)
Vanguard	0.3 (10)	0.6 (10)	4.3 (10)
95th percentile	0.6	1.0	5.5
Upper quartile	0.3	0.6	4.3
Mercer median	0.1	0.4	3.9
Lower quartile	0.0	0.2	2.8
5th percentile	-0.3	-0.4	0.8
Number of funds	43	43	41
UBSA Comp Bond All Mats	0.3 (14)	0.4 (22)	4.4 (9)

MERCER LISTED PROPERTY

To end June 2008

Manager	1 month (%)	3 months (%)	1 year (%)
APN Property for Income	-8.1 (1)	-10.1 (2)	
Maxim Prop Securities	-8.9 (2)	-13.2 (7)	
ING Listed Property	-8.9 (3)	-13.7 (8)	-34.4 (7)
ANZ Listed Property	-8.9 (4)	-13.7 (9)	-34.6 (8)
Russell Listed Property	-9.0 (5)	-15.1 (16)	-40.0 (27)
Port. Partners Listed Props	-9.4 (6)	-15.6 (26)	-32.8 (5)
Challenger Listed Prop	-9.5 (7)	-12.9 (5)	-35.9 (13)
Custom Choice Prop Secs	-9.5 (7)	-16.8 (36)	-38.3 (23)
MacarthurCook	-9.7 (9)	-14.8 (14)	-35.7 (10)
MLC Property Securities	-10.0 (10)	-12.9 (6)	-32.1 (2)
95th percentile	-8.9	-11.7	-32.4
Upper quartile	-10.1	-14.6	-35.6
Mercer median	-11.0	-15.3	-37.6
Lower quartile	-11.7	-16.0	-40.3
5th percentile	-12.9	-16.9	-43.1
Number of funds	39	39	36
S&P/ASX 300 Property	-11.3 (27)	-15.8 (28)	-37.7 (20)

MERCER GLOBAL PROPERTY

To end June 2008

Manager	1 mth (%)	3 mths (%)	1 year (%)
Franklin Intn'l Prop Income	-8.6 (1)	-5.6 (1)	-18.1 (4)
Challenger Global Prop Secs	-9.0 (2)	-6.3 (6)	
ING Global Prop Securities	-9.5 (3)	-6.1 (4)	-16.7 (1)
APN Intn'l Prop for Income	-9.7 (4)	-5.9 (3)	
Fortis Invs High Income Prop	-9.7 (4)	-10.3 (21)	-20.1 (7)
BT Institutional Global Prop	-9.9 (6)	-7.0 (11)	-17.7 (3)
Resolution Capital	-10.1 (7)	-10.6 (22)	-23.4 (17)
RREEF Global Prop Securities	-10.1 (8)	-7.5 (14)	-23.1 (16)
AMP Cap. Global Listed Prop	-10.1 (9)	-8.8 (18)	-21.3 (11)
INVESCO W'sale Global Prop	-10.2 (10)	-7.1 (12)	-17.4 (2)
95th percentile	-9.3	-5.9	-17.6
Upper quartile	-10.1	-6.8	-20.4
Mercer median	-11.4	-7.9	-23.1
Lower quartile	-11.9	-12.4	-28.0
5th percentile	-12.8	-15.0	-31.3
Number of funds	33	33	31
FTSE EPRA/NAREIT Global REIT	-12.3 (27)	-13.0 (27)	-29.0 (25)

MERCER EMERGING MARKETS

To end June 2008

Manager	1 mth (%)	3 mths (%)	1 year (%)
CFS Global Emerging Mkts	-7.0 (1)	-7.6 (25)	-8.8 (18)
Marvin & Palmer Associates	-8.0 (2)	-1.8 (2)	0.0 (1)
UBS Emerging Mkts Equity	-8.2 (3)	-2.3 (3)	
Macq Arrowstreet	-8.3 (4)	0.9 (1)	
Genesis	-8.7 (5)	-5.6 (23)	-8.4 (17)
ING Global Emerging Mkts	-8.9 (6)	-4.8 (19)	-6.2 (11)
Lazard NY Emerging Mkts	-9.2 (7)	-5.4 (20)	-6.7 (13)
Schroder Glob Emerging Mkts	-9.4 (8)	-3.5 (7)	-4.4 (5)
Aberd'n Glob Emerging Mkts	-9.4 (9)	-4.3 (15)	-5.3 (8)
Principal Emerging Mkts Eq	-9.4 (9)	-3.4 (6)	-6.0 (10)
95th percentile	-8.1	-2.0	-2.1
Upper quartile	-9.4	-3.5	-5.2
Mercer median	-10.0	-4.3	-6.6
Lower quartile	-10.7	-5.5	-8.9
5th percentile	-11.9	-7.9	-11.5
Number of funds	28	27	24
MSCI EM (Free) NET WHT	-10.6 (21)	-5.7 (24)	-7.5 (17)