

# International Shares – Quarterly Report



JANUARY – MARCH 2009

International shares make up 98% of the world's financial markets. So you get great diversity across companies, sectors and countries. But, they're also quite risky and you can make or lose a lot of money in the short term. In fact, the sharemarket is famous for falling after long stretches of good performance. At the end of the day, history shows us that if you're investing for the long term, you'll usually recover any short term losses.

## Quarter 1 review.

The International Shares Fund dropped 11.92% during the first quarter of 2009. All economic data released early in the quarter confirmed that major economies around the globe simultaneously contracted in the last quarter of 2008.

Governments and Central Banks around the world responded to these challenges with big rate cuts and quantitative easing programs. However, the significant amount of stimulus did not gain traction until early March when the market staged a 7% rally.

### The US

The S&P 500 decreased by 11.67% this quarter. The worst performing sectors were financials and industrials, while information technology and materials performed well.

### Europe

The European markets fell 11.85% in the first quarter of 2009.

The worst performing sectors were financial and utilities, while materials and energy performed well.

### Japan

The Topix dropped by 9.96% between January and March 2009. The worst performing sectors were consumer staples and telecom services, while energy and consumer discretionary performed well.

## Outlook – wait and see.

Governments and Central banks have announced a number of policies that have helped sentiment, including the US Federal Reserve announcing quantitative easing measures, the announcement of the Public Private Investment Plan and the G-20 measures such as increasing resources of the International Monetary Fund.

### Confidence boosters.

A run of positive surprises in the economic data as well as a number of US banks noting profitable months in January and February have also helped sentiment.

### Confidence bursters.

Event risks remain on the near horizon, with the Government support to the US autos unresolved and Q1 earnings' reports to be released in the coming weeks. Against this backdrop, the risks remain for volatile conditions in markets to remain in the near term.

## The legal bits.

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