



Global Market Outlook 2012

Macquarie Private Wealth



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Investment themes

The turbulence that weighed on markets during the second half of 2011 will persist as we head into 2012 but fade as the year progresses. The macro headwinds including the European situation, mediocre economic recovery in the US and slowing growth in China will continue to drive market volatility, both up and down, as the year gets underway. But as 2011 entered as an optimist and exited a pessimist, we expect the opposite to occur in 2012. We are starting to see signs the market is becoming desensitized to some of the macro news, which we believe sets the stage for a more micro or company fundamental-driven market during the second half of the year. Given attractive company valuations, strong balance sheets and profit margins, this change in focus should be positive for equities.

There is no quick solution for Europe. Structural change, needed to address imbalances and productivity disparities across member nations, will take years to correct. During this time we expect to see a number of mini European crises that will impact global markets and risk-tolerance levels. While we believe European news will have a diminishing impact on global markets as the year progresses, it will nonetheless create trading opportunities for those more tactically oriented.

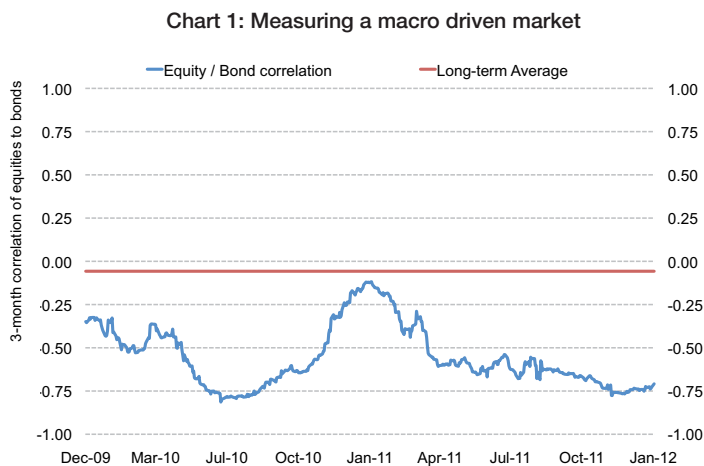
US Economy poised to surpass already low expectations. One of our market implications for 2012 is to focus more on North American cyclicals (companies with greater exposure to the US and Canadian economies) than those with global economic exposure. A potential recession in Europe and slower growth in China may limit appreciation in global cyclical industries such as energy and materials. Meanwhile, the US economy is beginning to gain momentum.

2012 looks like a tough year for bonds. The 'macro cloud' over the markets has bid up the bond markets and pushed yields to historical lows. This has raised the risk of capital declines for the bond market if even a portion of the 'flight to safety' trade is unwound. While the bond outlook isn't very positive, we do continue to believe, given equity valuations and corporate balance sheets, there remain attractive yield opportunities in the equity market. The focus on yield isn't going away, but it is becoming more selective.

North America: flight path 2012 — turbulence continues with blue skies ahead

As 2011 passes into the rear view mirror most investors would agree: good riddance. Volatility came roaring back in the summer months, creating one of the choppiest years since the 2008/2009 financial crisis. The main culprit was the European situation as debt concerns mounted and a long term solution remained out of the grasp of policy makers. Moderating global economic growth also became a theme weighing on the markets, especially those most exposed to resources (i.e. Canada and Australia). But at the end of the day, the S&P 500 actually finished roughly flat. Unfortunately, the resource-heavy S&P/TSX Composite was weighed down by its exposure to global cyclicals and dropped 11.1% on the year.

As we close the book on 2011 and head into 2012, we are expecting to see a number of the recent trends continue to have a material impact on the markets. It really comes down to macro vs. micro. At the macro level, there are some serious concerns weighing on markets, including Europe (more on this later in the report), a mediocre recovery in the US, plus continued deleveraging of the consumer, and slower growth in China. We believe short-term changes in perception of these factors will drive market performance and increased market volatility during the first half of 2012. This will result in a continuation of a macro-news-driven market that sees both strong advances and strong declines, also commonly referred to as 'risk on' when the market is bidding up riskier assets (equities, commodities) and 'risk off' when riskier assets are declining and money is flowing into the bond market for safety.



Source: Macquarie Private Wealth, January 2012

This can most accurately be measured by the correlation between bonds and equities. When this correlation is very negative (closer to -1.0), bonds and equities are moving in opposite directions on a daily basis. This characterizes the 'risk on / risk off' environment we are currently in and have been for much of the past few years (chart 1). A more effective strategy for this kind of environment incorporates a portion of a portfolio being devoted to more tactical trading: either following the given short-term trends or adding to equities on weakness and taking profits on strength. This, however, does make for a more difficult investing environment.

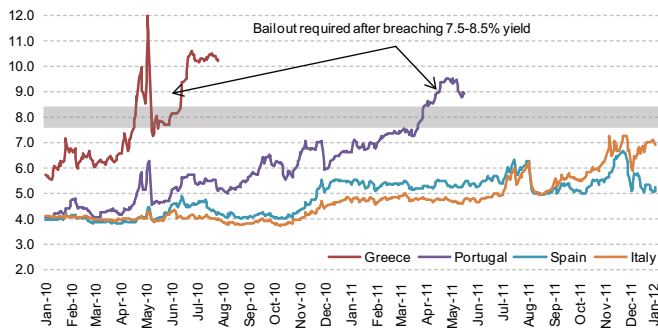
There is some good news; while we don't expect these macro headwinds to diminish, we do believe the impact on the market will lessen as 2012 progresses. The vast majority of investors were broadsided in 2011 as they underestimated the European crisis and its potential impacts. But the market incorporates information quickly and we believe it will start becoming desensitized to European news, thus setting the stage for micro information to drive performance. And the micro information has been very positive. Corporate America will post all-time record high earnings for 2011. With interest rates and labour costs still low or contained, profit margins should continue to remain at elevated levels. Valuations are also historically low, reflecting much of the concerns in the market. Both the S&P 500 and the S&P/TSX Composite are trading at 13 times with dividend yields of 2.1% and 2.8% respectively.

2011 entered an optimist and exited a pessimist. As 2012 progresses, we expect the opposite to occur.

European saga continues

Let's begin with 'there is no short term solution for the European situation.' A common currency across much of Europe since the late 1990s has provided increased economic growth, controlled inflation and expanded trade — all good things. But the hopes were that it would also foster a greater fiscal union and similar productivity levels from one nation to the next; this did not happen. Some nations became more productive, while others fell behind. All borrowed heavily with low interest rates available to them from a unified currency. But without the ability to narrow these discrepancies with either currency devaluation or relocation of labour (language and cultural barriers), some nations are now faced with having to adjust structurally. This is both painful and slow. This is both the root of the problem and also the source of a longer term structural solution.

Chart 2: 7.5-8.5% Bond yields appear to trigger an EU/IMF solution.
Note how close Italy is.



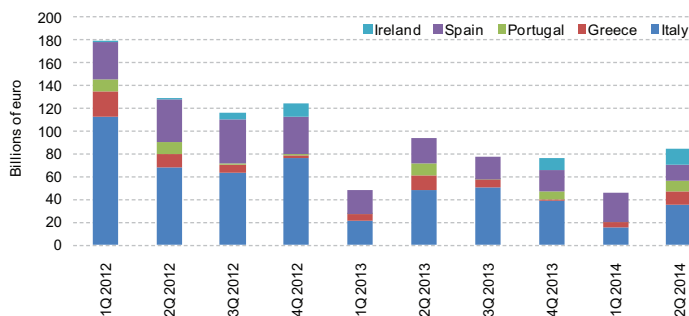
Source: Macquarie Private Wealth, January 2012

From a market implication perspective, we find it more useful to look at Europe as a number of mini-crises instead of one continental sovereign debt crisis as these mini-crises tend to follow a similar pattern:

1. the bond market pushes yields on a particular European nation's debt north of 7.5%;
2. since a persistent cost of debt at these levels is not fiscally sustainable, the EU and IMF band together to craft a solution;
3. before the plan can be implemented, a number of politicians embark on brinkmanship, to better the terms of the deal or for domestic political reasons (or both);
4. the market becomes angered by this behaviour, forcing participants to implement the proposed solution.

Global equity markets don't like 1) and 3), but do perform well under 2) and 4). We believe we are currently somewhere in 3) or the beginning of 4) which is optimistic in the short term. The problem is we don't know how quickly the next cycle will start. And given the amount of sovereign debt maturing in the first half of 2012 (chart 3), the news flow is likely going to continue to impact global markets.

Chart 3: Europe has heavy refinancing needs in 1H 2012
Sovereign debt maturities



Source: Macquarie Private Wealth, January 2012

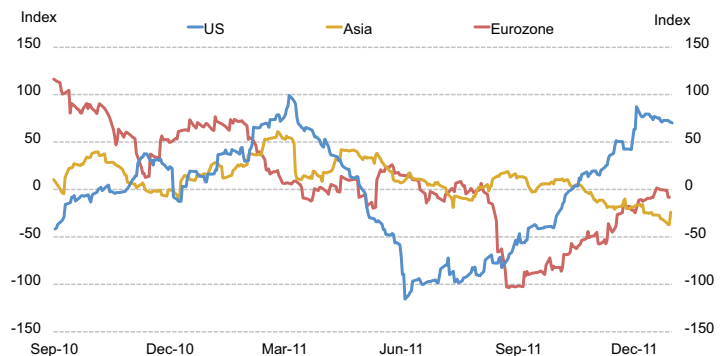
Then there is the European economy as a whole: austerity measures, banks not lending to protect capital reserves, lack of confidence and structural change — all of these will likely push Europe into recession (if it is not already there. The manufacturing data has started pointing in this direction). It is worth noting that a relatively small portion of North American exports are destined for Europe, which should help insulate our economy. However, China exports more to Europe than the US and this may further reduce the economic growth rate in China.

One encouraging note from a recent EU summit was the announcement of plans to better harmonize fiscal policy between nations. This fiscal union would help address the longer term structural issues as opposed to past solutions which were primarily focused on liquidity. It is also worth noting that there are many levers that policy makers can still pull, which we believe may occur if markets demand it (aka significant decline in Euro equities and bonds), including ECB direct sovereign debt purchases or a euro Bond. But for now there is obviously a long way to go and uncertainty will continue to impact markets, although we believe to a diminishing degree as the year progresses.

US economy poised to improve

The US economy continues to muddle through with a recovery that exhibited soft growth and sluggish employment. Nevertheless, we still saw some positive signs as 2011 drew to a close. At the top line, GDP gave us a scare early in the year as the effects of stimulus spending ceased to create growth; it has since recovered well from its Q1 trough. While an economy running at 1.8% (as most recently measured) is nothing to write home about, it is consistent with our theme of a long, drawn out, slow-growth period, which at times will feel outright recessionary.

Chart 4: US economy has been exceeding expectations of late
Citigroup economic surprise index



Source: Macquarie Private Wealth, January 2012

With that as our baseline view, we will note that the economic data has more recently been getting better. The Citigroup economic surprise index has certainly improved, particularly in the fourth quarter of last year, where it rose sharply. Employment numbers continue to improve, albeit at a glacial pace, while the weakened US dollar has provided an uplift to the manufacturing sector.

Indeed, the ISM manufacturing index has shown some life recently, giving us some reason for optimism as we embark on 2012. The Empire index and NFIB small business indexes are also showing similar improvement.

Canadian economic data has been stronger all along so our data has not seen the recent uplift that has characterized the US. We should continue to see similar activity, and are optimistic that a pickup in the US economy will have a direct benefit to Canada. Most of our concerns in Canada come from the effects of overseas economies. As such, the Bank of Canada is keeping a close eye on Europe and affecting its policy accordingly. We don't expect this to change anytime soon.

One area of concern in Canada is the level of personal indebtedness. While the landscape in Canada does not include excessive levels of speculative leverage (such as that which led to the US housing crash), households are increasingly living on cash flow, taking on increased levels of debt as long as it is serviceable on a monthly basis. This could have grave implications when interest rates start moving higher. The Bank of Canada is aware of this, and published in its December 2011 *Financial System Review*:

The vulnerability to this risk remains elevated and is broadly unchanged since June. There are tentative signs that the sustained rise in the proportion of vulnerable households in recent years has moderated and credit growth has slowed noticeably over the past six months. Nonetheless, our simulation results suggest that household balance sheets remain vulnerable to adverse economic shocks.

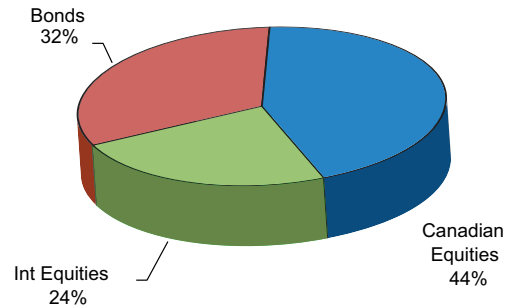
The aggregate debt-to-income ratio in Canada is now at an all-time high, and now exceeds that of the UK and the USA.¹ Since our employment is moving in the right direction and inflation remains low, we won't ring any alarm bells just yet.

1. bankofcanada.ca/wp-content/uploads/2011/12/fsr_1211.pdf

Market implications – asset allocation

Given equity market valuations reflecting the macro headwinds and very low yields in the bond market we are beginning 2012 with a mild overweight in equities (chart 5). Bond yields in both Canada and the US for government 10-years are at 2.0%, which on a relative basis makes bonds expensive compared to equities that are trading at about 12x earnings. Compared to our baseline benchmark of 60% equity (40% Canadian and 20% US) and 40% bonds, our current recommended asset mix is 68% equity (44% Canadian and 24% US) and 32% bonds. Please refer to **Market implications – fixed income and currencies** for a more detailed outlook for the bond market.

Chart 5: Mild overweight in equities to start 2012



Source: Macquarie Private Wealth, January 2012

At the equity level we have two overarching themes for 2012:

(i) North American cyclicals over global cyclicals

Although valuations in the Global Cyclical sectors (Energy and Materials) are attractive, given the slowing economic growth in China and a potential recession in Europe, we prefer North American Cyclicals which have greater exposure to the domestic economy.

We are not expecting anything more than a soft landing for China's economy, but global commodity prices are priced at the margin. So when demand is softening we become more cautious. Oil prices in particular remain at very elevated levels (\$100/barrel+) despite the slower growth backdrop and Libyan production coming back online. Elevated tensions with Iran is one of the contributing factors to higher oil but the risks still appear weighted to the downside. We would be more aggressive if/when the price of oil comes down into the \$80s. We are more constructive on copper mining companies given the continued global deficit and risk of supply disruptions in 2012. Gold is of interest following the recent pullback in bullion prices and equity values to five-month lows.

North American Cyclical, which have a greater sensitivity to the North American economy, include both Industrials and Information Technology. Both these sectors have valuations in line with the overall index, with above-average earnings growth. Given the positive trend in the US economic data, we believe this offers a better opportunity relative to Global Cyclical. In addition, corporate America has loads of cash on the balance sheet and remains reluctant to add staff in a material fashion. One alternative to keep up with rising demand is to increase capital expenditure spending, which typically benefits Industrials and Technology.

(ii) Focusing on yield

While we may see yields tick up marginally during 2012 as the 'fear premium' subsides, we do not foresee a material move higher. Still-high unemployment, lots of capacity in the economy and the lingering impact of consumer deleveraging should keep rates and yields low for an extended period. This provides a supportive backdrop for higher-yield equities. As valuations in a number of higher-yield sectors have become a little pressed, we would be more selective and focus on companies with better-than-average cashflow coverage and balance sheets.

Market implications — fixed income and currencies

Our aforementioned concerns with Europe will continue for the first part of 2012. As the market grows accustomed to facing these issues in Europe, we would expect more investment capital to be applied based on the fundamentals of each asset class, rather than having a 'macro cloud' hanging over our heads keeping safe-haven assets like Treasury bonds really expensive.

With this in mind, we will be sellers of Canada and US Treasury bonds. While we don't think that short-term rates will go anywhere in 2012, the longer bonds are simply too expensive to have any value except in a continued deflationary scenario.

Some of this could leak through to corporate bonds. Many of the investment grade corps we watch are very expensive as well. While it is likely that corporates could outperform, we doubt there will be a repeat of 2009, where government bonds declined while corporate bonds rose. We believe government bonds will decline, and corporates will decline less.

2012 is unlikely to bring about a secular bear market in bonds, though: inflation remains too low, and the deleveraging cycle that much of the developed world has entered into will keep a cap on yields.

We will also have to continue to be more vigilant about buying high-yield credits and high-yield income products in general. Gone are the days of picking any junk bond and watching it outperform.

We have seen several cases in North America of the pitfalls of investing in high-yield securities, whether they be stocks, bonds or funds. Those high yields come with higher risks, and much more homework needs to be done on them.

The demand for income is stronger than ever and frequently, this kind of demand can lead investors to ignore the risks. While we still think the case for investing in income remains strong, as a generation of investors changes their behaviour from being borrowers to being lenders, caution is warranted.

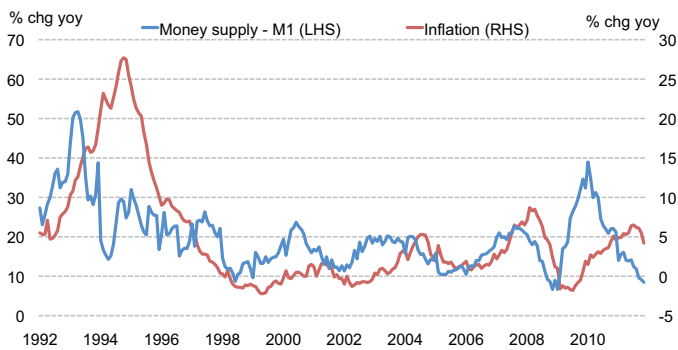
In the currency markets, one thing that may surprise us in 2012, is the US dollar's status as a 'risk off' currency, which only performs well when the world is seeking safety. While this is generally true, we do question how long the greenback will be considered a poorly performing currency. There are a few reasons to have this view:

- The historical outperformance of the Japanese Yen in a low interest rate environment, a 'safe haven' currency can rise... and rise a lot... in a zero interest rate world.
- The persistent strength of the Euro (dollars are only 7% below their average value of the past five years when measured against the US\$). We believe that Europe's problems will be long and drawn out, leading to more capital flight — which should benefit the US\$.
- Continuing outperformance of the US economy vs. many of its developed nation competitors.

China's emerging economy: easing time

The move to tighter monetary conditions in China, India and Brazil from late 2009 to mid-2011 reflected the spillover from the inflation pressures building in some of these economies as a consequence of their generally fixed, or managed, exchange rate policies vis-a-vis the US dollar. The impact of this has been that these countries imported very loose US monetary policies when their own economies did not have excess capacity. The result for China is shown in the chart below — excessive monetary expansion and inflation.

Chart 6: Chinese inflation and M1 money supply growth

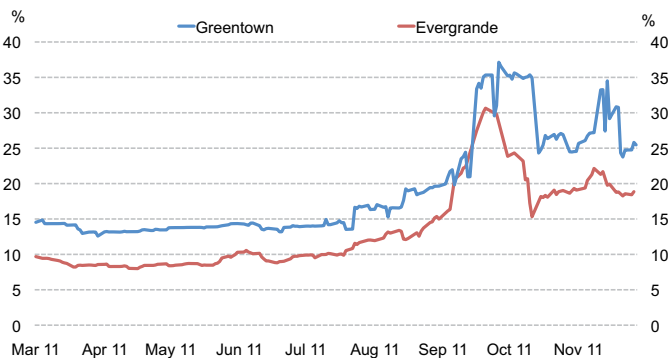


Source: Datastream, MPW Research, January 2012

The gradual monetary tightening in China during the past 18 months to deal with this and related asset market inflation is now flowing through to reduced credit provision and activity levels in the construction sector.

The challenge China now faces is that moderating the growth in credit and related investment spending is stressing some of the largest sectors in the economy. For example, the chart below illustrates these stresses by showing the yields two of the largest Chinese property developers need to pay to access debt markets.

Chart 7: Yields on bonds issued by Chinese property developers



Source: Datastream, MPW Research, January 2012

The challenge for investors is even if monetary conditions are eased, China is in the process of rebalancing the economy away from large scale investment towards consumption. However it is doing this while dealing with the cyclical consequences of over-investment in areas such as housing and transport.

Fortunately, China has the financial wherewithal to manage this transition, given its low public debt position and large scale foreign reserves. While it may take some time to fully roll out materially easier monetary and fiscal policies, we expect this to be a major theme for the Chinese economy as the consumer is called upon to take over from investment activity as a driver of growth.

Chart 8: Chinese consumption

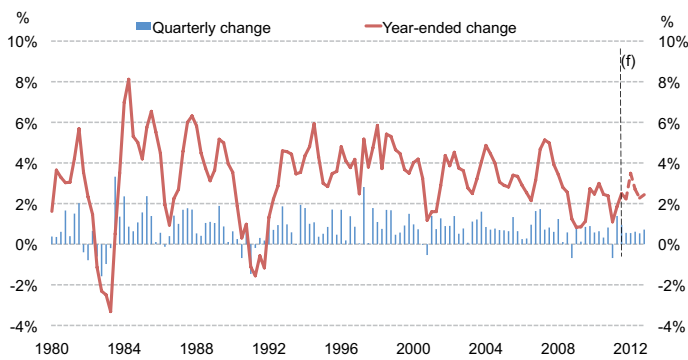


Source: Datastream, MPW Research, January 2012

Australia: time to re-balance growth

The Australian economy is likely to grow by 2.7% in 2012, following growth of only 1.9% in 2011. Forecast growth in 2012 is just below the average growth rate of 3.1% since 1990, but is likely to continue to be dominated by the mining sector. While Australia does not have the debt and fiscal imbalances of most other developed economies, it has been affected by global developments such as slowing Chinese growth and the oil price spike in mid-2011. Furthermore, domestic issues such as natural disasters early in 2011, the strong Australian dollar and a cautious consumer have also limited growth.

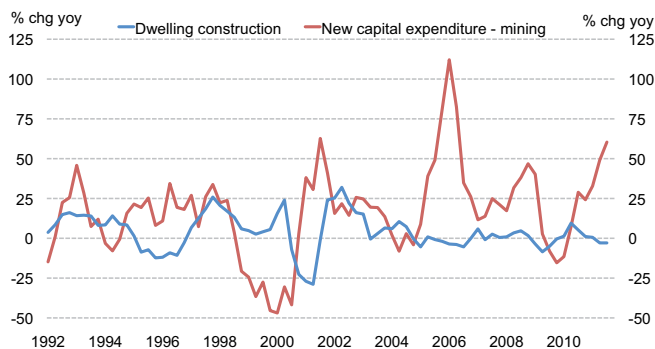
Chart 9: Australian GDP



Source: ABS, MPW Research, January 2012

The widely recognised ‘two-speed’ nature of the Australian economy during the past year, summarised in chart 10, reflects the weakness in areas such as housing, consumption and non-resource exports, partially offset by booming mining investment. Investors should expect a rebalancing in 2012. Growth in mining investment should moderate, but will remain high. However, materially easier monetary policy will pare the Australian dollar and ease the pressure on certain currency sensitive sectors. In addition, it should lead to a modest lift in housing investment and induce some recovery in parts of consumption spending.

Chart 10: Mining investment and dwelling construction

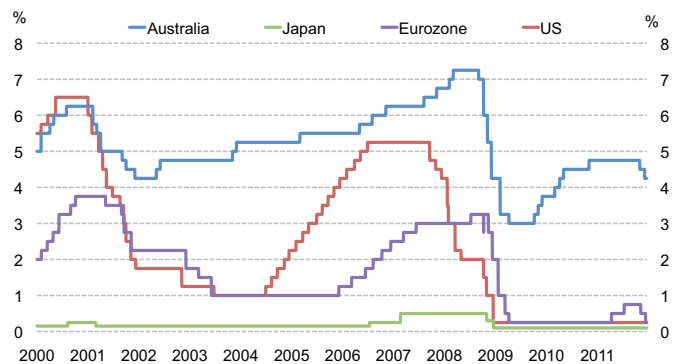


Source: ABS, Datastream, MPW Research, January 2012

We expect the Reserve Bank of Australia (RBA) probably judges that the tighter monetary conditions of the past 12 months have done their job — producing slack in the less resource focussed parts of the economy to enable the mining investment boom to occur without adverse inflation consequences.

Consequently, it is likely that the impact on consumers and housing caused by the relatively aggressive stance taken by the RBA in tightening monetary conditions in 2010 and into 2011 will be materially reversed in 2012. Nevertheless, it may be some time before this easing cycle has a significant effect on household cashflows and, therefore, spending. Certainly, as chart 11 shows, the price of money in Australia is significantly above other developed countries. While there were good reasons for this in 2010, this is no longer the case. We expect that the RBA will further ease monetary policy in 2012 with the official interest rate falling to at least 3.75% by the end of the year.

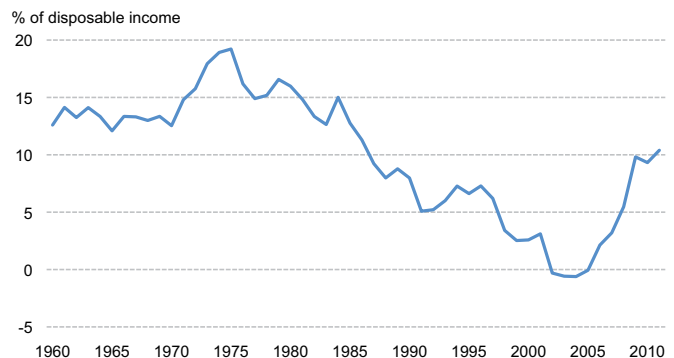
Chart 11: Official interest rates



Source: Datastream, MPW Research, January 2012

Importantly for Australia, many consumers have already adjusted spending patterns and lifted their rate of savings, as shown in chart 12. The result should be that the combination of modest employment, wages growth and easier monetary policy in 2012 should produce improved household cashflows and stronger consumption spending.

Chart 12: Australian household savings rate

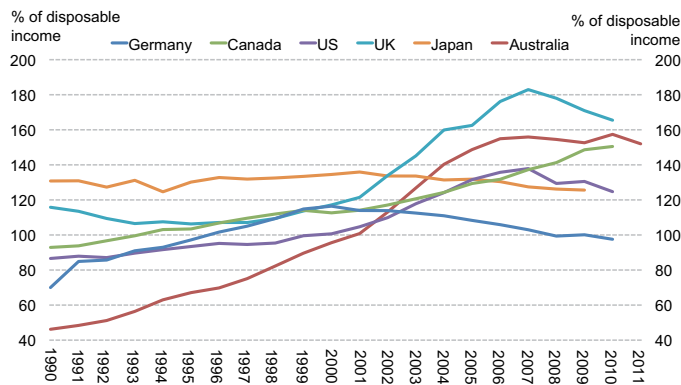


Source: Datastream, MPW Research, January 2012

Many commentators have suggested that the relatively high level of debt per household in Australia, as shown in chart 13, is a constraint on a more buoyant consumer. However at current savings levels and with low demand for new borrowings, the adjustment to low leverage in households is already underway. It also means that, just as the impact from the RBA's relatively modest tightening cycle from late 2009 was greater than the central bank expected, there is considerable scope for the RBA to ease monetary policy without fear of a return to excessive consumption growth.

More recently the tailwind of a strong Chinese economy has faded and the more subdued global environment likely in 2012 suggests that the Australian dollar reached its cyclical high earlier in the year. On a risk-return basis investors should continue to keep a largely unhedged exposure to non-Australian dollar equities and should expect to continue to do so until it is appreciably lower. We continue to recommend a 20% hedged position on international exposure given short-term risks that the Australian dollar may move higher.

Chart 13: Australian household debt

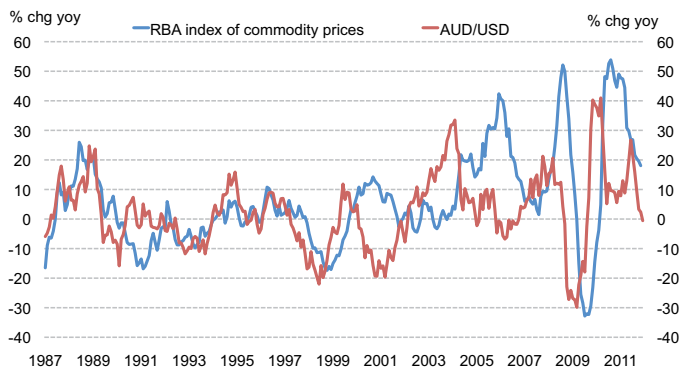


Source: Datastream, MPW Research, January 2012

As illustrated in chart 14, the Australian dollar continues its close link to the gyrations of commodity prices reflecting its long standing cyclical sensitivity.

The strength in the Australian dollar up to mid-2001 reflected the solid rebound in base and precious metals, as well as bulk commodities, from early 2009. Selective soft commodities have also been providing some support due to supply concerns linked to drought in key producer markets.

Chart 14: Australian dollar and commodity prices



Source: Datastream, MPW Research, January 2012

India: Instability the ‘new normal’

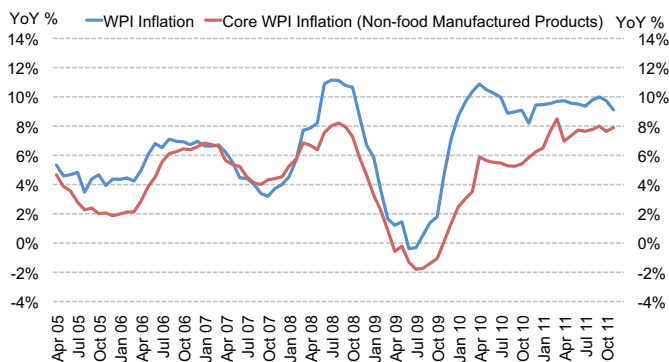
As we ring in the New Year, expectations for India’s growth in 2012 are subdued. India continues to be one of the biggest underperformers in the emerging market space, with all key domestic indices and sectors posting negative returns, due to global and domestic macro concerns. The ‘new normal’ continues to be instability and uncertainty. India’s growth trend in 2011 has been negatively impacted by a combination of not just weak global capital markets and a weak global economy, but also home grown issues of sticky inflation, the slow pace of policy reforms to boost investments and recurring corruption-related investigations. Our growth outlook FY13 is therefore ‘muted’ at 7.0%, with downside risk.

While the continuing uncertain global environment has an impact on India’s growth forecasts, the main concerns are primarily home-grown

Paralysis of policy reforms: There has barely been any meaningful progress in the pace of policy reforms, which is key to revive investor sentiment and increase investment. Private corporate capital expenditures are expected to remain weak in FY13.

Persistent inflation: Headline inflation as measured by the wholesale price index (WPI) is expected to remain sticky at around 7–7.5% in FY13, above the historical average of 5–5.5%. This is due to (a) a structural rise in food inflation, (b) high global commodity prices and (c) supply-side constraints including inadequate investment in capacity creation. However, slowing domestic demand and possible easing in global commodity prices will help contain inflationary pressures and the Reserve Bank of India (RBI) is therefore expected to start easing monetary policy rates from April to September 2012.

Chart 15: Headline WPI vs. core WPI inflation



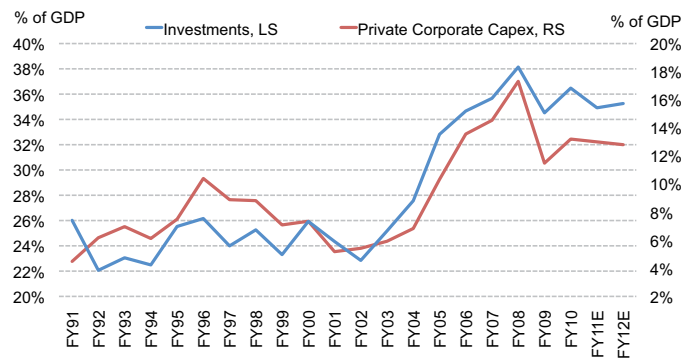
Source: CEIC, RBI and Macquarie Private Wealth, January 2012

The slowing of investment during the past few months: The key reasons for this are:

- weak investor confidence due to governance issues,
- higher interest rates and higher inflationary pressures,
- hindrances to project execution,
- uncertainty about the global economy and
- weak global capital markets increasing funding risks.

Uncertainty around policy changes and slowing demand are leading companies to postpone their plans for capital expenditures (capex). Therefore, private corporate capex is expected to remain weak.

Chart 16: Private corporate capex and overall investments



Source: CEIC and Macquarie Private Wealth, January 2012

Loose fiscal policy increasing macro stability risks: The Indian Government has maintained a pro-consumption fiscal policy even post the financial crisis of 2008. Its fiscal deficit has, therefore, spiked from 2.5% in FY08 and is expected to remain high at 5.3% (plus 1% off budget expenditure) and 4.6% (plus 0.5% off budget expenditure) of GDP for FY12 and FY13 respectively. This is largely due to slowing revenue growth and lack of expenditure management by the Government.

Accelerating implementation of the major policy reforms is key to India's growth

Proactive government policies to restore private corporate sentiment to boost investment and a stable global growth environment are vital for sustaining growth near the 7.5–8% level. The faster implementation of structural reforms already in the pipeline are also key, including the introduction of a Goods and Services Tax (GST), strengthening institutional capacity to manage the awarding of major infrastructure projects, identifying and fast-tracking 25-30 core infrastructure and industrial projects, electricity distribution reforms, coal availability and streamlining of subsidy mechanism.

In addition, initiating aggressive fiscal consolidation will help reduce the national government deficit and improve the mix of its expenditure towards development spending.

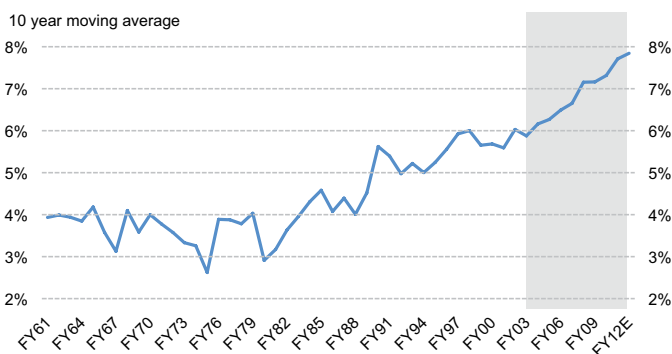
Such measures could help boost foreign investor sentiment and help revive capital inflows as investors look for strong growth opportunities in an otherwise uncertain global environment. Among the large economies in the world, India's structural growth story remains compelling. Policy support would help to keep faith intact in this growth opportunity.

The bottom line is that structural growth drivers for India to achieve a sustainable GDP growth remain intact over the medium term

India is poised to benefit from the virtuous cycle of favourable demographics, dividend-boosting savings and, therefore, higher investment and higher economic growth. The growth of the Indian economy has been spectacular over the recent years. During FY04-FY11, India achieved an average GDP growth of 8.4% vs. 5.9% and 5.2% achieved during the previous two decades respectively.

Further, India's nominal GDP increased from \$US100 billion in FY77 to \$US508 billion in FY03 — a span of 27 years. However, it more than tripled to \$US1.7 trillion between FY03 and FY11. India is expected to be a \$US2 trillion economy by FY12.

Chart 17: India real GDP growth — trending higher



Source: CEIC and Macquarie Private Wealth, January 2012

Market Perspective for 2012: The 'new normal' demands diversification

So how can Indian investors approach investing in these turbulent times? Exactly the way they might invest in boom times — through a well-diversified portfolio with an asset mix that takes into account the market environment dynamically.

- The equity markets are expected to continue their unstable trajectory: Market valuations are currently below average for the last decade at 13x to 12x forward earnings. The key is to remember that longer term returns are better when the prices assets are bought for are reasonable and in many cases at crisis levels. Common wisdom rightly suggests that 'time in the market is more important than timing the market' and the optimal strategy is to stagger investments over time and have a bottom up approach to adding quality names to the portfolio.
- Debt can provide stability: For fixed income, with the central Government indicating the interest rate cycle is peaking, investors should expect a long term easing of interest rates. However, with markets expected to remain volatile, investors should continue to invest in shorter duration funds that are actively managed, as well as capital protected/ assured rate schemes to bring stability to the portfolio.
- The now 'new normal' calls for looking beyond traditional assets: Indian investors need to look beyond traditional equity and debt assets to include appropriate asset allocation to other types of 'aspirational' assets such as global hedge funds, VCFs/PE funds and, more importantly, co-investments in 'real' assets. This may involve partnering with firms, whose focus is on acquiring these 'next generational' assets like food related, resources and environmental assets. The 'new normal' demands appropriate diversification to ensure the underlying assets in the portfolio have little to no correlation with each other. In addition, multi-jurisdictional diversification is another critical layer that introduces a world of opportunities while improving the risk/return balance in a portfolio. It is important, however, to ensure that in this strategy, an investor is not exposed to assets that will move in the same direction as the domestic assets.

Important information

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