

STANDARD
& POOR'S

2004 Review Australian Indices



Standard & Poor's

2004 Review: Australian Indices

S&P/ASX 200
S&P/ASX 50
S&P/ASX 20
S&P/ASX 100
S&P/ASX MidCap 50
S&P/ASX 300
S&P/ASX Small Ordinaries

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Executive Summary

2004 was a very good year for the Australian market, with strong gains seen across the S&P/ASX indices and across all GICS sectors in the S&P/ASX 200. All S&P/ASX indices, with the exception of the S&P/ASX Small Ordinaries, saw stronger total returns in 2004 than in 2003. On top of that, in the Australian as in other S&P Global 1200 markets, volatility declined in 2004 from 2003.

The S&P/ASX 200, the principal institutional benchmark, enjoyed a total return of 28% measured in Australian dollars. The Australian dollar gained 3.8% against the US dollar during 2004. As in many other markets, the gains were not focused in the large caps. The S&P/ASX MidCap 50 returned 43%, the S&P/ASX 50 (the global large cap benchmark) returned 26% and the S&P/ASX 300, the broadest index, returned 28% (Table 1). Volatility continued its gradual long-term decline, reaching 6.8% in 2004 for the S&P/ASX 200, compared to 9.9% in 2003 and a recent high of 13.7% in 2000. The volatility decline was seen across all S&P/ASX indices (Table 3).

Among GICS sectors in the S&P/ASX 200 Energy was the leader, returning 45% in 2004. However, in a strong year even the worst sector, Telecommunication Services, returned a respectable 10%. Industrials (+39%) and Health Care (+39%) were close behind Energy in gains (Table 4). The largest sector in the S&P/ASX 200 by market cap was Financials, at almost 43%. Of this, 9.7 percentage points is represented by property trusts. As in most of the S&P Global 1200, Financials was the largest sector. It is however an unusually large sector in Australia, even if measured excluding the property portion (Table 5).

Echoing the strong market performance, the top performing companies by return saw some strong numbers with the best,

Aristocrat Leisure Ltd, reporting a gain of almost five times. Energy and casinos were well represented in the top ten (Table 8). The tenth worst performer in the S&P/ASX 200 lost only 12%. The bottom ten includes three companies in gold or precious metals, despite increases in the price of gold.

David M. Blitzler, Ph.D.
Managing Director &
Chairman of the Index Committee

Performance (\$A)

Table 1: Accumulation Return

	2004	2003	2002	2001	2000	1999	1998
S&P/ASX 200	28.0%	14.6%	-8.8%	10.4%	5.2%	16.1%	10.3%
S&P/ASX 50	25.9%	12.5%	-10.4%	8.8%	10.3%	16.8%	10.9%
S&P/ASX 20	20.3%	10.7%	-10.5%	6.6%	8.1%	17.9%	15.2%
S&P/ASX 100	28.0%	13.8%	-8.6%	9.4%	9.0%	17.0%	9.9%
S&P/ASX MidCap 50	43.2%	22.9%	5.4%	15.7%	-5.9%	13.4%	4.8%
S&P/ASX 300	27.9%	15.0%	-8.6%	10.5%	4.8%	16.1%	10.3%
S&P/ASX Small Ordinaries	26.6%	32.3%	-9.1%	1.8%	-14.7%	24.8%	3.7%

Source: Standard & Poor's

Table 2: Sharpe Ratio

	2004	2003	2002	2001	2000	1999	1998
S&P/ASX 200	1.172	0.375	-0.364	0.144	-0.015	0.263	0.131
S&P/ASX 50	1.017	0.304	-0.412	0.115	0.138	0.247	0.154
S&P/ASX 20	0.755	0.245	-0.366	0.075	0.071	0.252	0.252
S&P/ASX 100	1.117	0.349	-0.356	0.130	0.100	0.263	0.130
S&P/ASX MidCap 50	1.311	0.653	0.107	0.366	-0.248	0.244	0.017
S&P/ASX 300	1.175	0.383	-0.358	0.146	-0.027	0.263	0.131
S&P/ASX Small Ordinaries	0.846	0.745	-0.277	0.002	-0.329	0.645	0.006

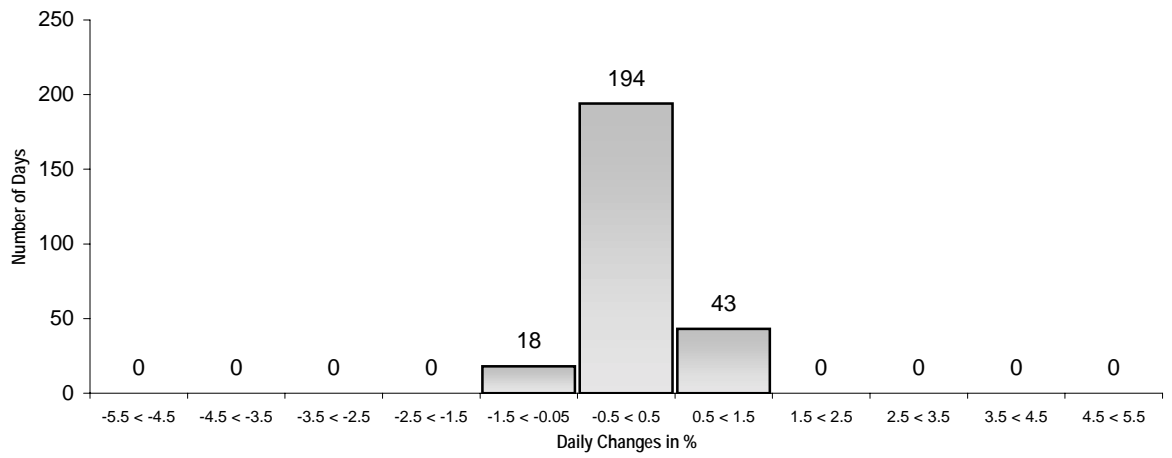
Source: Standard & Poor's

Table 3: Annualized Daily Volatility

	2004	2003	2002	2001	2000	1999	1998
S&P/ASX 200	6.8%	9.9%	11.4%	12.9%	13.7%	12.3%	14.6%
S&P/ASX 50	7.1%	10.9%	12.6%	13.8%	14.4%	13.6%	16.5%
S&P/ASX 20	7.6%	12.1%	14.4%	15.3%	16.4%	14.7%	17.7%
S&P/ASX 100	6.9%	10.2%	11.7%	13.0%	13.7%	13.0%	16.0%
S&P/ASX MidCap 50	7.2%	8.2%	8.3%	10.6%	12.6%	10.7%	13.6%
S&P/ASX 300	6.7%	9.9%	11.3%	12.9%	13.7%	12.3%	14.6%
S&P/ASX Small Ordinaries	7.2%	8.4%	8.9%	12.0%	14.8%	8.7%	10.8%

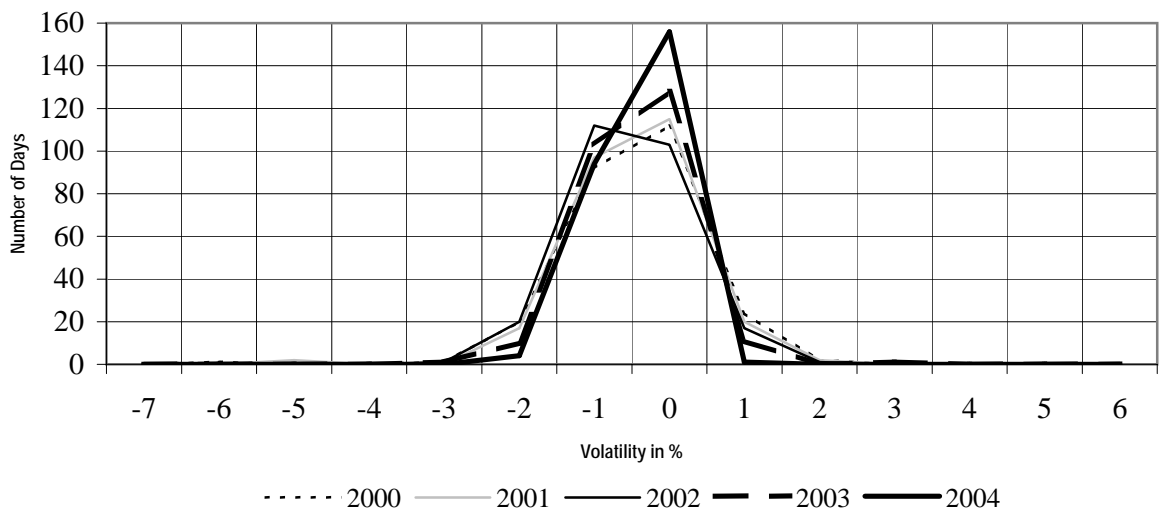
Source: Standard & Poor's

Chart 1: Daily Volatility of the S&P/ASX 200 - 2004



Source: Standard & Poor's

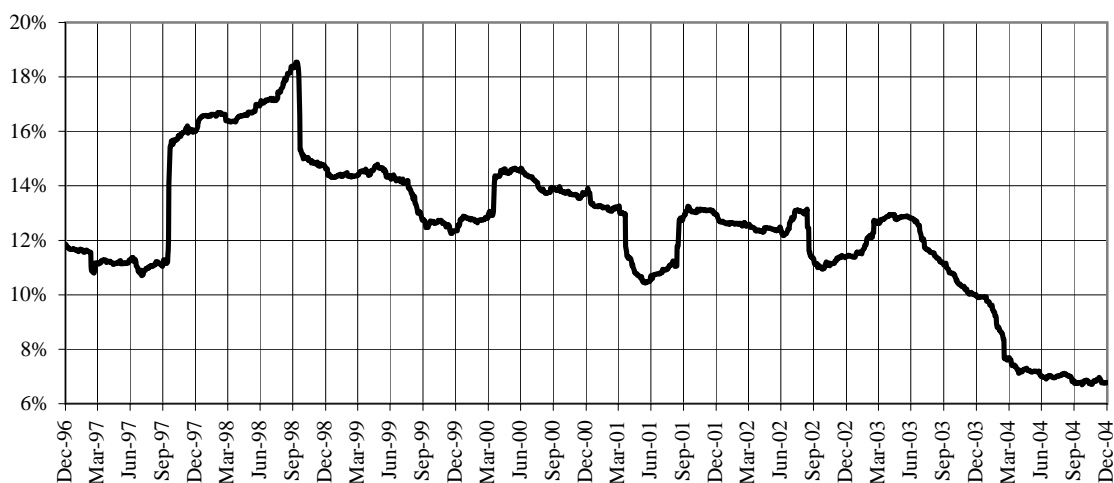
Chart 2: S&P/ASX 200 Frequency Distribution of Daily Volatility - 2000-2004



Source: Standard & Poor's

Chart 3: S&P/ASX 200 Volatility Measured by Rolling 12-Month Standard Deviation 1997-2004

(Based on 253-day moving average)



Source: Standard & Poor's

Table 4: Accumulation Return by GICS® - 2004

	S&P/ASX 200	S&P/ASX 300
Energy	44.8%	43.9%
Materials	24.8%	24.4%
Industrials	39.0%	38.7%
Consumer Discretionary	28.2%	28.0%
Consumer Staples	35.2%	35.2%
Health Care	38.7%	34.8%
Financials	26.6%	26.7%
Property Trusts	32.0%	32.2%
Financial-x-Property Trusts	25.3%	25.3%
Information Technology	36.1%	40.0%
Telecommunication Services	10.1%	10.4%
Utilities	29.5%	29.5%

Source: Standard & Poor's

Sector Breakdown by Market Cap

Table 5: S&P/ASX 200 GICS® Breakdown by Market Cap, 2000-2004

	2004	2003	2002	2001	2000
Energy	3.17%	2.74%	2.37%	2.54%	2.85%
Materials	18.80%	19.24%	17.82%	15.65%	13.86%
Industrials	8.18%	7.06%	7.19%	7.65%	7.52%
Consumer Discretionary	10.38%	10.99%	10.92%	14.33%	14.93%
Consumer Staples	7.41%	6.98%	8.27%	7.29%	6.57%
Health Care	2.78%	2.51%	2.77%	3.95%	2.51%
Property Trusts *	9.68%	7.96%	8.32%	6.31%	5.73%
Financials-x-Property Trusts *	33.23%	35.19%	35.00%	33.82%	33.94%
Information Technology	0.49%	0.48%	0.15%	0.52%	1.09%
Telecommunication Services	4.52%	5.62%	5.92%	6.89%	9.64%
Utilities	1.36%	1.21%	1.27%	1.04%	1.36%

* Property Trusts + Financials-x-Property Trusts = Financials

Source: Standard & Poor's

Table 6: S&P/ASX 50 GICS® Breakdown by Market Cap, 2000-2004

	2004	2003	2002	2001	2000
Energy	3.00%	2.74%	1.97%	2.33%	2.71%
Materials	20.52%	19.44%	17.61%	15.35%	14.07%
Industrials	5.75%	5.32%	5.69%	6.42%	5.90%
Consumer Discretionary	9.32%	10.26%	10.88%	14.64%	15.41%
Consumer Staples	6.92%	6.82%	7.49%	7.24%	6.55%
Health Care	1.39%	1.19%	1.72%	3.10%	1.17%
Property Trusts *	7.21%	5.74%	5.60%	3.29%	2.67%
Financials-x-Property Trusts *	39.18%	40.55%	40.89%	38.91%	39.01%
Information Technology	--	--	--	--	0.34%
Telecommunication Services	5.70%	6.92%	7.13%	8.11%	11.24%
Utilities	1.01%	1.02%	1.02%	0.62%	0.91%

* Property Trusts + Financials-x-Property Trusts = Financials

Source: Standard & Poor's

Table 7: S&P/ASX 300 GICS® Breakdown by Market Cap, 2000-2004

	2004	2003	2002	2001	2000
Energy	3.19%	2.81%	2.39%	2.63%	2.88%
Materials	18.84%	19.32%	17.82%	15.64%	13.98%
Industrials	8.43%	7.25%	7.21%	7.71%	7.51%
Consumer Discretionary	10.38%	10.98%	10.91%	14.34%	14.83%
Consumer Staples	7.31%	6.91%	8.24%	7.30%	6.56%
Health Care	2.90%	2.65%	2.87%	4.10%	2.72%
Property Trusts *	9.59%	7.93%	8.31%	6.29%	5.83%
Financials-x-Property Trusts *	32.86%	34.76%	34.87%	33.53%	33.49%
Information Technology	0.67%	0.63%	0.23%	0.64%	1.30%
Telecommunication Services	4.48%	5.57%	5.88%	6.80%	9.51%
Utilities	1.34%	1.20%	1.25%	1.02%	1.39%

* Property Trusts + Financials-x-Property Trusts = Financials

Source: Standard & Poor's

10 Best & Worst Performers by Company

Table 8: S&P/ASX 200 Best and Worst Returns, by Company—2004

Top 10 Performers	Ticker	Return	GICS® Sub-Industry	Adj. Mkt. Value (Mil. A\$)	Weight in S&P/ASX 200
Aristocrat Leisure Limited	ALL	478.5%	Casinos & Gaming	3,437	0.445%
Great Southern Plantations	GTP	149.1%	Forest Products	804	0.104%
Caltex Australia Limited	CTX	135.1%	Oil & Gas Refining & Marketing & Transportation	1,466	0.190%
Portman Limited	PMM	95.1%	Diversified Metals & Mining	481	0.062%
Macquarie Communications	MCG	82.2%	Broadcasting & Cable TV	1,416	0.183%
UniTAB Limited	UTB	79.0%	Casinos & Gaming	1,381	0.179%
Oil Search Limited	OSH	77.5%	Oil & Gas Exploration & Production	1,615	0.209%
Colorado Group Limited	CDO	76.8%	Apparel Retail	428	0.055%
Macquarie Airports	MAP	76.4%	Airport Services	3,974	0.515%
Sonic Healthcare Limited	SHL	74.0%	Health Care Services	3,000	0.388%

Source: Standard & Poor's

Bottom 10 Performers	Ticker	Return	GICS® Sub-Industry	Adj. Mkt. Value (Mil. A\$)	Weight in S&P/ASX 200
Chemeq Limited	CMQ	-77.3%	Biotechnology	82	0.011%
Henry Walker Eltin Group	HWE	-42.4%	Construction & Engineering	110	0.014%
Miller's Retail Limited	MRL	-40.5%	Apparel Retail	199	0.026%
Kingsgate Consolidated Ltd	KCN	-36.2%	Gold	185	0.024%
Aquarius Platinum Ltd	AQP	-36.1%	Precious Metals & Minerals	188	0.024%
Ventracor Limited	VCR	-34.6%	Health Care Equipment	269	0.035%
Pacifica Group Limited	PBB	-27.0%	Auto Parts & Equipment	431	0.056%
Novogen Limited	NRT	-21.4%	Pharmaceuticals	509	0.066%
Lihir Gold Limited	LHG	-20.0%	Gold	1,190	0.154%
Wattyl Limited	WYL	-12.1%	Specialty Chemicals	274	0.035%

Source: Standard & Poor's

Additions and Deletions

Table 9: Number of companies added/deleted during the year¹, 2000–2004

		2004	2003	2002 ²	2001	2000
S&P/ASX 200	Added	25	24	29	34	20
	Deleted	25	25	30	35	20
S&P/ASX 50	Added	3	3	4	6	5
	Deleted	3	4	4	6	5
S&P/ASX 20	Added	1	1	2	2	2
	Deleted	1	2	2	2	2
S&P/ASX 100	Added	5	10	10	12	10
	Deleted	5	11	12	12	10
S&P/ASX MidCap 50	Added	6	12	11	14	4
	Deleted	6	12	13	14	4
S&P/ASX 300 ³	Added	40	67	21	61	36
	Deleted	34	42	64	64	36
S&P/ASX Small Ordinaries	Added	40	67	27	66	37
	Deleted	34	41	68	69	37

Source: Standard & Poor's

¹ Additions and deletions that occur intra-quarter may not always be replaced until the following quarterly review.

² In 2002, the S&P Index Committee changed the methodology to treat permanent secondary securities (eg. NCPDP, VRLPA) as separate index constituents to the headline ordinary security. This change effects all fixed-numbered indices.

³ The S&P/ASX 300 may not include 300 constituents at all times, depending on the number of securities that meet the index inclusion requirements.

For more information about the S&P/ASX Index Methodology visit www.standardandpoors.com.au

Market Capitalization by Decile

**Table 10: Market Capitalization for S&P Australian Indices, by Decile, as of 12/31/2004
(Market cap figures in Australian Dollar millions)**

Decile	S&P/ASX 200	S&P/ASX 50	S&P/ASX 300
First Decile/Number of companies	1	1	1
Average market cap	54,890	54,890	54,890
Median market cap	54,890	54,890	54,890
Second Decile/Number of companies	2	1	2
Average market cap	42,776	44,707	44,707
Median market cap	42,776	44,707	44,707
Third Decile/Number of companies	2	2	2
Average market cap	36,173	40,845	39,166
Median market cap	36,173	40,845	39,166
Fourth Decile/Number of companies	4	2	4
Average market cap	23,692	36,173	29,731
Median market cap	24,851	36,173	29,446
Fifth Decile/Number of companies	6	2	6
Average market cap	12,824	27,167	15,660
Median market cap	12,518	27,167	14,244
Sixth Decile/Number of companies	7	5	8
Average market cap	10,257	17,231	10,770
Median market cap	10,215	15,303	10,857
Seventh Decile/Number of companies	11	6	12
Average market cap	7,219	11,886	7,586
Median market cap	6,929	11,710	7,357
Eighth Decile/Number of companies	17	7	18
Average market cap	4,751	9,242	5,103
Median market cap	4,573	9,236	5,168
Ninth Decile/Number of companies	33	9	38
Average market cap	2,350	6,731	2,506
Median market cap	2,174	6,697	2,371
Tenth Decile/Number of companies	117	15	200
Average market cap	668	4,396	458
Median market cap	535	4,384	286

Source: Standard & Poor's.

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