



Weekly Investment Update

Prices as at POM Close on Friday	04-Apr-14	% change for the:			
		Week	Month	YTD	
Domestic					
KSi Index	3,626.54	0.3%	0.4%	-6.3%	
KSi Home Index	8,130.97	2.1%	1.7%	-0.5%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	7.78	0.0%	0.4%	-2.5%	
Credit Corporation	2.70	0.0%	3.8%	8.0%	
City Pharmacy	1.94	-0.5%	-0.5%	-1.0%	
Kina Asset Management Limited	1.07	1.9%	-2.7%	-2.7%	
New Britain Palm Oil	18.41	15.00	7.1%	3.4%	0.0%
Oil Search Limited	21.56	17.64	0.1%	0.5%	0.6%
Highlands Pacific Limited	0.18	0.21	0.0%	5.0%	5.0%
Marengo Mining Limited	0.04	0.14	0.0%	-6.7%	-12.5%
Newcrest Mining Limited	25.31	25.00	0.0%	0.0%	-16.7%
Australia					
S&P/ASX 200	5,422.80	1.0%	-0.7%	1.3%	
S&P/ASX 50	5,590.80	1.1%	-0.3%	1.2%	
USA*					
DJIA	16,572.55	1.5%	0.7%	0.0%	
S&P 500	1,888.77	1.7%	0.6%	2.2%	
NASDAQ	4,237.74	2.0%	-2.3%	1.5%	
Europe*					
FTSE	6,649.14	0.5%	-0.9%	-1.5%	
DAX	9,628.82	0.4%	3.0%	0.8%	
CAC 40	4,449.33	0.9%	1.9%	3.6%	
Asia*					
Nikkei	15,063.77	2.5%	-1.4%	-7.5%	
Hang Seng	22,507.55	2.0%	-0.7%	-3.2%	
Shanghai	2,043.70	-0.1%	-0.8%	-2.6%	
Commodities*					
Light Crude (WTI)	100.45	-1.1%	-2.0%	2.1%	
Brent Crude	106.29	-1.6%	-2.5%	-4.1%	
Gold	1,287.60	-0.5%	-4.0%	7.1%	
Currencies*					
PGK/USD	0.3623	0.7%	-4.5%	-8.8%	
PGK/AUD	0.3919	0.7%	-6.4%	-12.3%	
AUD/USD	0.9244	-0.1%	2.1%	4.0%	
USD/JPY	103.836	0.9%	0.6%	-1.4%	
EUR/USD	1.3703	-0.3%	-1.3%	-0.4%	
GBP/USD	1.6590	-0.3%	-0.8%	0.1%	
Ten year Government Bond yields*					
United States	2.80%	0.08%	0.01%	-0.23%	
Australia	4.17%	0.06%	-0.02%	-0.07%	
Japan	0.65%	0.02%	0.02%	-0.09%	
PNG	10.83%	0.00%	0.98%	1.66%	

* Reported as at POM close Friday; Hence North American and European markets Thursday night close.



LOCAL:

- InterOil Limited announced operating results for the fourth quarter and full year ended December 31, 2013 showing record revenues of \$1,400 million (2012: \$1,321 million). Record revenue was due to record total products sold of 9.4 MMbbls (2012: 8.5 MMbbls), an 11% increase from the year before. During 2013, investments in development of Upstream and Midstream Liquefaction resulted in a net loss of \$75.1 million (2012: net loss of \$59.6 million). This was balanced by Corporate, Refining and Downstream collectively recording a net profit for the year of \$34.7 million (2012: \$61.2 million). The consolidated \$40.4 million net loss compared to a \$1.6 million profit in 2012 was mainly driven by the Papua New Guinea kina depreciating 13% against the US Dollar leading to a consolidated \$41.2 million in exchange rate losses.
- Nautilus Minerals has announced that its seafloor production tools for the Solwara 1 project has been 90% complete as of December last year.
- Marengo Mining Limited announced the appointment of Mr John Mears, P.Geol, as Chief Operating Officer of the Company. Mr Mears is an experienced, licensed Geologist in the USA and a Member of the Australasian Institute of Mining and Metallurgy.
- Oil Search Ltd is contesting Total SA's purchase of a 40% stake in PNG's biggest undeveloped gas field, but has yet to specify its complaint. InterOil's Chief Executive Officer Michael Hession has told analysts he expects the dispute to go to arbitration in London. According to analysts the fight centres on the vehicle that InterOil used to sell down its stake in the Elk and Antelope licence to Total SA. Total SA purchased the InterOil subsidiary that held the 40% stake rather than an acquisition of the stake itself.
- The Asian Development Bank economic experts are forecasting record growth for Papua New Guinea's economy with gross domestic product expected to peak at 21% next year, driven by the country's thriving LNG sector.
- Papua New Guinea needs a trade policy to be competitive on international markets according to its Minister for Trade Commerce and Industry, Richard Maru. He made the statement as he addressed delegates at the signing of a finance agreement for the 10th European development fund trade related assistance project phase II. The four year K18million project is aimed at promoting effective engagement with the private sector for sustainable development in PNG.
- The KSi Index closed the week 0.3% higher on 3,626.54 while the KSi Home Index closed the week 2.1% higher at 8,130.97.

INTERNATIONAL:

- Aussie stocks were up marginally over the week, closing up 0.52% to 5,422.8 today despite an intraday slump on Tuesday following a slump in crude (see chart) before a swathe of positive global manufacturing data.
- Although the European Central Bank elected to keep interest rates at the record low of 0.25%, policy makers at Thursday's meeting said quantitative easing is now on the table as a means to address alarmingly low rates of inflation. The policymakers have pledged to monitor the developments very closely and will consider all available instruments.
- China's central bank is walking a narrow line between conflicting goals as economic growth wavers while credit growth remains at worrying levels. So far, the bank has relied on reserve requirement ratios and open-market operations to rein in liquidity, and the question now is whether policymakers will ease up as investment declines.
- To end the week the PGK appreciated against the USD and AUD by 0.7% and 0.7% respectively. Whilst the AUD depreciated by 0.1% against the USD.
- In world oil prices the Brent crude declined by 1.6% to US\$106.29 a barrel while Light crude also shed 1.1% to US\$100.45.
- **Sources:** FT, Economist, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, BPNG Quarterly Economic Bulletin, WSJ, The Age.

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Level 9 Deloitte Tower Douglas Street
Po Box 1141 Port Moresby 121 NCD
Papua New Guinea
T + 675 3083888 F + 675 308/3899
Email: fund s@kina.com.pg
Website: www.kina.com.pg

KINA FUNDS MANAGEMENT LIMITED TEAM

Investment Fund Manager

Dominic Beange dominic.beange@kina.com.pg

Team Leader Investment Analysis

Raicie Guillermo raicie.guillermo@kina.com.pg

Projects Analysis

Noelyne Togs noelyne.togs@kina.com.pg

Team Leader Portfolio Administration & Compliance

Sermomo Tungapik sermomo.tungapik@kina.com.pg

Investment Analysis and Research Team

Josh Mua josh.mua@kina.com.pg
Michael Pokau michael.pokau@kina.com.pg
Charles Wama charles.wama@kina.com.pg
Lawrence Moses Kote lawrence.kote@kina.com.pg
Gabriel Norombu gabriel.norombu@kina.com.pg

Portfolio Administration & Compliance Team

Philip Naru philip.naru@kina.com.pg
Mary Tamarua mary.tamarua@kina.com.pg
Mareta Moang mareta.moang@kina.com.pg
Glenn Liu glenn.liu@kina.com.pg
Mago Vele mago.vele@kina.com.pg
Eric Simelolo eric.simelolo@kina.com.pg
Dagu Hebore dagu.hebore@kina.com.pg

Risk Team

Tangaloa Kema tangaloa.kema@kina.com.pg
Lolita Meauri lolita.meauri@kina.com.pg

Administration Support

Kamate Rapilla kamate.rapilla@kina.com.pg

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