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HD **Domino's grows on hunger pangs of tighter households**

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The best-performing stocks over the past financial year were largely driven by hunger pangs, as the appetite for **gold**, nickel and fast food helped Domino's Pizza and a handful of resource companies power ahead.

Australian benchmark the S&P/ASX 200 ended the financial year 12.35 per cent higher at 5395.7 points - the highest the market has been since mid-2008.

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The top five included four resource companies - **gold** producer Northern Star (115 per cent), nickel producer Western Areas (up 99 per cent), Independence Group (92.5 per cent) and Aquila Resources (89.9 per cent).

Domino's Pizza was the only non-**mining company** with a strong gain of 97 per cent over the past financial year after successfully expanding offshore and thriving in the midst of the post-budget blues, which hurt retail spending.

"Domino's has been an amazing performer," **Equity** Trustees chief investment officer George Boubouras said.

"In a traditional sense, fast food is resilient to lower consumer confidence. The last two readings on confidence shows a surprisingly sharp fall, which would be consistent in households limiting their discretionary purchases and, traditionally, substitution means staying at home and eating pizza and drinking cheap bear."

Auscap Asset Management portfolio manager Tim Carleton added that Domino's had successfully expanded into Europe and Japan and retained its premium growth multiple.

"Western Areas performed well largely due to the nickel price, which was up 37 per cent over the course of the financial year," he said.

The return in the broader sharemarket builds on a gain of about 16 per cent last financial year and comes as many market experts predict the new financial year will cement three years of double-digit returns in the wake of the global financial crisis.

The strong benchmark gains were basically mirrored in the returns of the average balanced superannuation fund, thanks to soaring **equity** markets, which are relishing in a new-found confidence driven by central bank stimulus and record low volatility.

The worst performers included three resources companies - Paladin **Energy** (-66 per cent), rare earths **company**Lynas Corp (-65.3 per cent) and Regis Resources (-43.3 per cent) - following weakness in commodity prices.

Retailer The Reject Shop (49.3 per cent) and travel group Wotif.com (46.4 per cent) completed the bottom five.

"Wotif's business model faced stiff competition from offshore booking agencies. While The Reject Shop was priced for strong growth as its store footprint expanded, but then disappointed with respect to underlying earnings, so suffered from the double whammy of earnings downgrades and a de-rate of the earnings multiple the **company** traded on," Mr Carleton said.

The best-performing sectors were information technology and **energy**, while health and consumer staples put on the least amount of gains.

Retail stocks in particular were largely punished by investors.

Solid returns for Australian shares saw $168 **billion** added to the value of the top 200 companies, taking the total to $1.7 trillion.

The five biggest banks, BHP Billiton and Telstra led the market rally because of their significant size and power to shift momentum, while QBE Insurance, Coca-Cola Amatil and GrainCorp were the heaviest laggards.

"Investors are chasing equities with high yields, given short-term interest rates are at or near historic lows across much of the developed world, including Australia. This has led to strong gains in the share prices of companies paying high fully franked dividends, including the major banks as well as some of the other financials, consumer staples stocks and Telstra," industry expert Nathan Walsh said.

Australian shares are expected to move 11.5 per cent higher in the next 12 months, helped by central bank stimulus and the willingness of investors to once again put their faith in **mining** stocks, despite the end of the investment boom and **Chinese** growth slowing from its breakneck speed.

The standouts were companies that delivered in defiance of an economy growing at a below-trend pace, such as SEEK and CSR.

The Commonwealth Bank cracked $80 a share and it was not even the best-performing bank stock in the index - that honour belongs to Bank of Queensland.

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