

# Market Watch

## October:

- Major asset classes delivered mixed returns for the month of October. The best performing sectors were Global Shares (unhedged) and Global Small Companies (unhedged). The worst performing sectors were Global Listed Property (hedged).
- Australian shares** fell -1.3% over the month, marking the end of five months of consecutive gains. Declines across utilities, staples and materials outweighed gains for financials, healthcare and communications.
- Global Shares** on a hedged basis fell -0.9%. Global shares on an unhedged basis gained +3.9%. The AUD was materially weaker against the greenback on the back of stronger than expected US economic data. This prompted markets to pare back future rate cut expectations from the Fed. Momentum as an investment style outperformed both growth and value. All three recorded positive returns for the month of October.
- Global small caps** rallied +3.1% for the month of October as investors took profit from big tech and rotated into Global small caps due to their attractive valuations.
- Fixed income** had a negative month with Australian Fixed Interest returning -1.9% and International Fixed Interest returning -1.5% for the month. Global bond markets retracted as a result of the uncertainty around the U.S. elections and stronger than expected US non-farm payroll numbers from the prior month.
- Property and Infrastructure** fell on the back of a surge in bond yields. Global listed property (hedged) returned -3.7% and Listed Infrastructure (hedged) -1.3% over the month.
- The **Australian dollar** AUD fell against most major currencies over the month. Most notably, the AUD fell -4.8% against the USD. This was largely due to stronger than expected US Jobs data in September, causing bond yields to surge and in turn, tempering market expectations of future rate cuts.

## Job Market:

### U.S.

- The annual unemployment rate in the U.S. held steady at 4.1% in October.
- U.S. Non-farm payrolls for the month of October increased by 12,000, a significant fall from the prior month. The August and September Non-farm payroll numbers were also revised down materially, signalling a weaker labour market than previous reported.
- U.S. job openings fell to the lowest level in more than 3.5 years in September. The number of job openings decreased by 418,000 to 7.4 million. Data for August was also revised down to 7.9 million. Labor force participation decreased marginally to 62.6% in October, for the fourth consecutive month.

### Locally

- The Consumer Price Index (CPI) in Australia came in at 2.8% in the 12 months to September 2024. The most significant increases came from Alcohol and tobacco (+6.3%), non-alcoholic beverages (+3.3%) and Housing (+1.6%).
- Australia's seasonally adjusted unemployment rate remained steady at 4.1% in September 2024, with no change from August's revised numbers. The labour participation decreased to 67.1% in September, from 67.2% the prior month.

## Major asset class performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	-1.3	24.9	8.0	8.2
Australian small companies	0.8	26.7	-0.6	4.7
Global shares (unhedged)	3.9	29.3	11.4	13.3
Global shares (hedged)	-0.9	31.6	6.2	11.1
Global small companies (unhedged)	3.1	25.1	4.8	8.9
Global emerging markets (unhedged)	1.2	21.1	3.2	5.0
Global listed property (hedged)	-3.7	26.2	-3.0	-0.8
Listed Infrastructure (hedged)	-1.3	25.8	4.2	3.8
Cash	0.4	4.5	2.9	1.9
Australian fixed income	-1.9	7.1	-0.6	-0.7
International fixed income	-1.5	8.4	-1.9	-0.6

Source: Lonsec iRate, Rhombus Advisory, 31 October 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 31/10 %	1 month change %	1 year change %	3 year change %
AUD/USD	0.66	-4.8	3.9	-4.3
AUD/GBP	0.51	-1.3	-2.2	-2.4
AUD/Euro	0.60	-2.6	0.9	-2.4
AUD/Yen	99.95	0.8	4.1	5.3

Source: Bloomberg, Rhombus Advisory, 31 October 2024

All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

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# Market Watch

## September: Chinese Equities Surge

- Major asset classes mostly delivered gains for the month of September, led by Australian small companies.
- Australian shares** outperformed global equities over the month, due to the strong rally of mining stocks off the back of the Chinese equity market rally with the Australian small companies sector returning +5.1% over the month.
- Global Shares** on a hedged basis gained 1.4%. Global shares on an unhedged basis detracted -0.5%. Growth as an investment style outperformed both momentum and value, although all three recorded negative returns for the month of September.
- Global small caps** fell, returning a disappointing -0.4% for the month. The brief rally in Global Small Caps over July was temporary, as recession worries spurred a sell-off in growth and risky assets.
- Fixed income** had another positive month with Australian Fixed Interest returning +0.3% and International Fixed Interest returning +1.1% for the month.
- Property and Infrastructure** asset classes have been the standout over the previous 12 months off the back of interest rate expectations and attractive valuations. September was no different with Global listed property (hedged) returning +2.5% and Listed Infrastructure (hedged) +2.1% over the month.
- The **Australian dollar** AUD rallied against all major currencies over the month. Most notably, the AUD rose 2.2% against the USD. This was largely on the back of rate cut expectations in the U.S. in combination with a hawkish tilt by the Reserve Bank of Australia

## Job Market Cooling

### U.S.

- The annual unemployment rate in the U.S. fell slightly from 4.2% to 4.1% in September.
- Nonfarm payroll employment increased by 254,000 in September, higher than the average monthly gain of 203,000 over the previous 12 months. In September, employment continued to trend up in food services and drinking places (+69,000), health care (45,000) , government (+31,000) and social Assistance (+27,000).
- In the U.S., the number of job openings increased by 329,000 to 8.0 million in August 2024 from a revised 7.7 million in July. Labor force participation remains unchanged at 62.7% in September, for the third consecutive month.

### Locally

- The Consumer Price Index (CPI) indicator in Australia came in at 2.7% in the 12 months to August 2024. This is down from a 3.5% rise in the 12 months to July, the lowest level since August 2021. The most significant increases came from Alcohol and tobacco (+6.6%), non-alcoholic beverages (+3.4%) and Housing (+2.6%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate remains at 4.2% in August 2024, with no change from July. The labour participation remains at 67.1% in August with no change from July.

## Major asset class performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	3.0	21.8	8.5	8.4
Australian small companies	5.1	18.8	-0.6	4.4
Global shares (unhedged)	-0.5	23.2	10.6	12.5
Global shares (hedged)	1.4	29.3	8.4	11.7
Global small companies (unhedged)	-0.4	16.2	3.6	8.4
Global emerging markets (unhedged)	4.3	17.3	1.8	5.2
Global listed property (hedged)	2.5	25.2	0.1	0.3
Listed Infrastructure (hedged)	2.1	25.8	5.8	4.0
Cash	0.4	4.4	2.8	1.8
Australian fixed income	0.3	7.1	-1.2	-0.4
International fixed income	1.1	9.1	-1.5	-0.4

Source: Lonsec iRate, Rhombus Advisory, 30 September 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 30/09 %	1 month change %	1 year change %	3 year change %
AUD/USD	0.69	2.2	7.4	-1.5
AUD/GBP	0.52	0.3	-2.0	-1.2
AUD/Euro	0.62	1.4	2.0	-0.2
AUD/Yen	99.38	0.4	3.4	7.3

Source: Bloomberg, Rhombus Advisory, 30 September 2024

All foreign exchange rates are rounded to two decimal places where appropriate.

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# Market Watch

## August: Mixed Month

- Major asset classes delivered mixed returns for the month of August.
- Global Shares** on a hedged basis gained 1.8%. Global shares on an unhedged basis detracted -1.2%. Value as an investment style once again outperformed growth and momentum, although all three recorded negative returns for the month of August.
- Australian shares** recorded marginal gains for the month. The S&P/ASX 200 Accumulation Index was up 0.5% over the month. August was reporting season for companies listed on the ASX and companies that exhibited growth and capital discipline, were handsomely rewarded. Consumer stocks are also holding up better than expected, largely driven by Baby Boomers and credit conditions have improved.
- Global small caps** fell, returning a disappointing -3.3% for the month. The brief rally in Global Small Caps from the previous month was short lived, as recession worries spurred a sell-off in growth and risky assets.
- Fixed income** had another strong month with Australian Fixed Interest returning +1.2% and International Fixed Interest returning +1.0% for the month.
- Property and Infrastructure** stocks were the star standout for the month. In recent months, we've started to see a rotation from investors into the sector, on the back of interest rate expectations and attractive valuations.
- The **Australian dollar** AUD was rallied against all major currencies over the month. Most notably, the AUD rose 3.41% against the USD. This was largely on the back of rate cut expectations in the U.S. in combination with a hawkish tilt by the Reserve Bank of Australia. Over 12 months, the AUD has now strengthened against all major currencies.

## Job Market Cooling

### U.S.

- The annual unemployment rate in the U.S. fell from 4.3% to 4.2% in August.
- Nonfarm payroll employment increased by 140,000 in August, falling short of market expectations of 160,000. This marks the second month where nonfarm payroll numbers undershot expectations. Revisions to nonfarm payroll numbers in prior months, point towards a cooldown in the U.S. job market.
- In the U.S., the number of job openings fell by 237,000 to 7.7 million in July 2024 from a downwardly revised 7.9 million in June. at 8.2 million on the last business day of June. Labor force participation remains unchanged at 62.7% in August.

### Locally

- The Consumer Price Index (CPI) indicator in Australia fell to 3.5% in the year to July 2024, slightly down from a 3.8% rise in the 12 months to June. The most significant increases coming from Alcohol and tobacco (+7.2%), Housing (+4.0%), Transport (+3.4%) and Food and non-alcoholic beverages (+3.8%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate rose to 4.2% in July 2024, an increase of 0.5% from 12 months ago and a slight increase of 0.1% from June 2024 figure.

## Major asset class performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	0.5	14.9	6.7	8.1
Australian small companies	-2.0	8.5	-2.9	3.9
Global shares (unhedged)	-1.2	18.8	9.6	13.1
Global shares (hedged)	1.8	22.7	6.5	11.9
Global small companies (unhedged)	-3.3	10.9	3.0	8.9
Global emerging markets (unhedged)	-2.2	9.8	-0.6	4.6
Global listed property (hedged)	5.0	15.4	-2.5	0.3
Listed Infrastructure (hedged)	2.9	18.1	4.0	4.0
Cash	0.4	4.4	2.7	1.8
Australian fixed income	1.2	5.2	-1.8	-0.6
International fixed income	1.0	6.0	-2.2	-0.7

Source: Lonsec iRate, Rhombus Advisory, 31 August 2024

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged); FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

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## Currency markets

Exchange rates	At close on 31/08 %	1 month change %	1 year change %
AUD/USD	0.68	3.41%	4.33%
AUD/Euro	0.61	1.32%	2.39%
AUD/Yen	99.03	0.79%	4.78%

Source: Bloomberg, Rhombus Advisory, 31 August 2024

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# Market Watch

## July: Start of the new FY

- Major asset classes all delivered gains for the month of July, led by Global small companies and Listed Infrastructure.
- Global Shares** on an unhedged basis gained 1.2%. Global shares on a hedged basis gained 4.1%. Value was the best performing investment style for the month, returning ~5.0%, its best relative performance since April 2022. Momentum as an investment style recorded the weakest return 1.1% over the month.
- Australian shares** also performed well, relative to other asset classes. The S&P/ASX 200 Accumulation Index performed strongly, up 4.2% over the month. This was driven by strong growth from the banks, rising 7.1% after strong returns the previous month.
- Global small caps** rebounded, returning a stellar 9.3% for the month. Investors shifted away from many of the mega-cap technology stocks that had led the market over the previous 18 months and rotated into small caps.
- Fixed income** had another strong month with Australian Fixed Interest returning +1.5% and International Fixed Interest returning +1.9% for the month.
- The **Australian dollar** AUD was down against all currencies over the month with the AUD down 1.9% against the greenback. Over the previous 12 months the AUD remains behind the USD and Euro by -2.6% and -1.1% respectively, however is up 2.7% against the Yen.

## Job Market Mixed

### U.S.

- The U.S. Job market is cooling. The unemployment rate in the United States rose for the fourth month in succession to 4.3% in July, up 0.2% from June.
- Nonfarm payroll employment increased by 114,000 in July while the total number of unemployed people increasing by 352,000 to 7.2 million.
- In the U.S., the number of job openings changed little at 8.2 million on the last business day of June. Labor force participation has ticked up slightly at 62.7% in July, up from 62.6% in June.

### Locally

- The Consumer Price Index (CPI) indicator in Australia rose to 3.8% in the year to June 2024, slightly down from a 4.0% rise in the 12 months to May. The most significant increases coming from Alcohol and tobacco (+6.9%), Housing (+5.5%), Transport (+4.2%) and Food and non-alcoholic beverages (+3.3%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate rose to 4.1% in June 2024, an increase of 0.5% from 12 months ago and a slight increase of 0.1% from May 2024 figure.

## Major asset class performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	4.2	13.5	7.4	7.5
Australian small companies	3.5	9.3	-0.6	3.5
Global shares (hedged)	4.1	22.3	11.2	13.4
Global shares (unhedged)	1.2	18.3	6.8	11.0
Global small companies (unhedged)	9.3	14.7	5.2	9.4
Global emerging markets (unhedged)	2.6	9.7	1.2	4.5
Global listed property (hedged)	5.5	7.0	-3.6	-0.3
Listed Infrastructure (hedged)	6.4	9.4	3.8	3.7
Cash	0.4	4.4	2.6	1.7
Australian fixed income	1.5	4.7	-2.2	-0.5
International fixed income	1.9	4.7	-2.5	-0.5

Source: Bloomberg, Rhombus Advisory, 31 July 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

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## Currency markets

Exchange rates	At close on 31/07 %	1 month change %	1 year change %
USD/AUD	0.6542	-1.92%	-2.61%
Euro/AUD	0.6043	-2.94%	-1.06%
Yen/AUD	98.118	-8.56%	2.67%

Source: Bloomberg, Rhombus Advisory, 31 July 2024

All foreign exchange rates are rounded to two decimal places where appropriate.

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# Market Watch

## June: FY comes to an end

- Most asset classes delivered a positive for the Month of June with Australian Small Companies and Global Small Companies, the exception.
- Global Shares** on an unhedged basis gained 1.6%. Global shares on a hedged basis 2.3%. Growth and Momentum were the best performing styles for the month, with Quality as a style also performing well. Value as an investment style recorded a negative return over the month.
- Australian shares** also performed well, relative to other asset classes. The S&P/ASX 200 Accumulation Index gained 1.0% for the month. The best performing styles for the month were Growth and Momentum. The poorest performing style was value, which recorded a slight negative return over the month.
- Global small caps** were the worst performing asset class, returning -2.4% for the month. Large and Mega Cap stocks have continued to outperform small caps, helped by the recent rally in mega cap tech and consumer discretionary names associated with AI.
- Fixed income** gained some ground this month with Australian Fixed Interest and International Fixed Interest both gaining 0.8% for the month.
- The **Australian dollar** gained 2.5% against the U.S. dollar over the month. Stronger than expected China PMI numbers, coupled with RBA rate hike expectations, helped the AUD against the greenback.

## Job Market Mixed

### U.S.

- The U.S. Job market is cooling. The unemployment rate in the United States rose to 4.1% in June 2024, tied for the highest level since October 2021 and surprising market expectations, which had forecasted the rate to be 4.0%.
- Nonfarm payroll employment increased by 206,000 in June while the total number of unemployed people held steady at 6.8 million.
- In the U.S., the number of job openings changed little at 8.1 million on the last business day of May. Labor force participation has ticked up slightly at 62.6% in June, up from 62.5% in May.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia rose to 4.0% in the year to May 2024, an increase of +0.4% from April 2024. The most significant prices increases coming from Alcohol & Tobacco (+6.7%), Housing (+5.2%) and Transport (+4.9%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate in May 2024 was 4.0%, an increase of 0.4% from 12 months ago but a slight decrease of 0.1% from April 2024 figures.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	1.0	12.1	7.3
Australian small companies	-1.4	9.3	3.7
Global shares (hedged)	2.3	20.2	11.0
Global shares (unhedged)	1.6	19.9	13.0
Global small companies (unhedged)	-2.4	8.8	7.9
Global emerging markets (unhedged)	3.5	12.2	4.1
Global listed property (hedged)	0.7	4.6	-1.1
Cash	0.4	4.4	1.6
Australian fixed income	0.8	3.7	-0.6
International fixed income	0.8	2.7	-0.7

Source: Bloomberg, Rhombus Advisory, 30 June 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 30/06 %	1 month change %	1 year change %
USD/AUD	2.5	11.6	7.2
Euro/AUD	1.5	1.9	0.2
Yen/AUD	0.3	0.1	-1.0

Source: Bloomberg, Rhombus Advisory, 30 June 2024

All foreign exchange rates are rounded to two decimal places where appropriate.

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# Market Wrap

## May: Returns Generally Positive

- May saw a rebound from April's generally poor performance. Only global emerging market shares produce a materially negative return this month.
- **Global shares** on an unhedged basis gained 2.0%, while global shares on a hedged basis gained 3.7%. The best performing styles were Quality and Momentum, although it should be noted that globally all styles produced positive returns.
- Last month, **global emerging market shares** was the best performing asset class. In a complete reversal, they were the worst performing asset class for the month losing 1.8%.
- **Australian shares** gained a reasonable amount of ground this month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 0.9%. The best performing styles for the month were Growth and Value-Weighted.
- **Fixed income** gained ground this month, with Australian Fixed Interest rising by 0.4%, while global fixed interest gained 0.8%.
- The **Australian dollar** gained 2.4% against the U.S. dollar over the month and gained a similar amount against the Yen (2.3%).

## Job Market Appears to be Slowing

### Globally

- The number of job openings in the U.S. declined by 296,000 from the previous month to 8.059 million in April 2024, the lowest level since February 2021 and missing the market consensus of 8.34 million.
- The ECB started their easing cycle when they lowered the three key interest rates by 0.25% in June, in line with expectations, marking a shift from nine months of stable rates, after inflation declined by more than 2.5% since September 2023.

### Locally

- Australia's seasonally adjusted unemployment rate was at 4.1% in April 2024, compared with market forecasts and an upwardly revised 3.9% in the previous month. It marked the highest jobless rate since January, with the number of unemployed individuals rising by 30,300 to 604,200.
- The monthly Consumer Price Index indicator in Australia increased by 3.6% in the year to April 2024, up from 3.5% in the previous month and above forecasts of 3.4%. The latest reading pointed to the highest since last November, due mainly to a faster rise in food and non-alcoholic beverage prices (3.8% vs 3.5% in March), with fruit and vegetable prices advancing the most since April 2023.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	0.9%	12.9%	7.8%
Australian small companies	0.0%	10.9%	4.2%
Global shares (hedged)	3.7%	22.8%	10.8%
Global shares (unhedged)	2.0%	21.7%	13.8%
Global small companies (unhedged)	2.1%	15.1%	9.4%
Global emerging markets (unhedged)	-1.8%	9.4%	4.4%
Global listed property (hedged)	2.8%	6.8%	-1.1%
Cash	0.4%	4.3%	1.6%
Australian fixed income	0.4%	0.9%	-0.5%
International fixed income	0.8%	1.7%	-0.6%

**Source:** FactSet, Lonsec & Insignia Financial, 31 May 2024

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 31/05 %	1 month change %	1 year change %
USD/AUD	0.6650	2.4%	2.8%
Euro/AUD	0.6126	0.9%	0.9%
Yen/AUD	104.51	2.3%	15.6%

**Source:** FactSet & Insignia Financial, 31 May 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.

# Market Wrap

## April: EM Holds Up

- April saw a reversal from March's solid performance. Only Global emerging market shares and cash produced positive returns.
- **Global shares** on an unhedged basis lost 3.2%, while global shares on a hedged basis lost 2.8%. The best performing styles were Value-Weighted and Equal Weight. It should be noted that the differentiation between styles was relatively small this month and all styles produced negative returns.
- **Global emerging market shares** was the best performing asset class for the month returning 1.2%.
- **Australian shares** lost almost the same amount this month that they gained last month, with the broad market index, the S&P/ASX 200 Accumulation Index losing 2.9% for the month. The best performing styles for the month, although negative, were Momentum and Small Caps.
- **Fixed income** lost ground this month with Australian Fixed Interest losing 2.0%, while global fixed interest lost 1.7%.
- The **Australian dollar** lost 0.5% against the U.S. dollar over the month, but gained 3.5% against the Yen.

## Unemployment Rises Slightly

### Globally

- The unemployment rate in the United States edged up to 3.9% in April 2024 from 3.8% in the previous month and surprising the market, which had forecasted the rate to remain unchanged. The number of unemployed individuals increased by 63,000 to 6.492 million, while employment levels went up by 25,000 to reach 161.491 million.
- The Federal Reserve kept the target range for the federal funds rate unchanged at 5.25%-5.50% during its early May meeting, which was the sixth consecutive time it remained unchanged. Fed Chair Powell stated that he does not foresee a hike as likely and believes that the current policy is sufficiently restrictive to achieve the 2% inflation target.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia increased by 3.5% in the year to March 2024, up from 3.4% in the previous three months, which had been the lowest since November 2021. The latest reading pointed to the highest in 4 months, mainly due to faster rises in housing and transport prices.
- Australia's seasonally adjusted unemployment rate ticked higher to 3.8% in March 2024 from February's five-month low of 3.7%, but below market forecasts of 3.9%.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	-2.9%	9.1%	8.0%
Australian small companies	-3.1%	7.4%	3.9%
Global shares (hedged)	-2.8%	18.1%	8.6%
Global shares (unhedged)	-3.2%	20.7%	12.3%
Global small companies (unhedged)	-4.6%	11.9%	7.8%
Global emerging markets (unhedged)	1.2%	11.8%	3.5%
Global listed property (hedged)	-5.4%	-0.1%	-1.7%
Cash	0.4%	4.2%	1.5%
Australian fixed income	-2.0%	-0.7%	-0.3%
International fixed income	-1.7%	0.4%	-0.5%

Source: FactSet, Lonsec & Insignia Financial, 30 April 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 30/04 %	1 month change %	1 year change %
USD/AUD	0.6494	-0.5%	-1.7%
Euro/AUD	0.6073	0.5%	1.5%
Yen/AUD	102.18	3.5%	13.6%

Source: FactSet & Insignia Financial, 30 April 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.

# Market Wrap

## March: Small Caps Outperform

- March was one of those rare month's where all of the asset classes in this report produced positive returns. Interestingly, the returns for the 1 year to 31 March 2024 were also very good and all positive.
- **Global Shares** on an unhedged basis gained 3.0%. Global shares on a hedged basis gained 3.3%. Value-Weighted and Value were the best performing styles for the month, with Momentum as a style also performing well.
- **Australian shares** also performed well, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 3.3% for the month. The best performing styles for the month were Small Caps and Momentum. The poorest performing style was Quality, which still performed to a reasonable standard.
- **Australian small caps** were the best performing asset class for the month returning an excellent 4.8% for March.
- **Fixed income** gained some ground this month with Australian Fixed Interest gaining 1.1%, while global fixed interest returned 0.8%.
- The **Australian dollar** gained 0.2% against the U.S. dollar over the month.

## Job Market Remains Strong

### Globally

- The unemployment rate in the United States dipped to 3.8% in March 2024 from the previous month's two-year high of 3.9% and surprising market expectations, which had forecasted the rate to remain unchanged. The number of unemployed individuals decreased by 29,000 to 6.4 million, while employment levels saw a significant surge, rising by 498,000 to reach 161.5 million.
- In the U.S., the number of job openings went up by 8,000 from the previous month to 8.756 million in February 2024, marginally above market expectations of 8.75 million.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia stood at 3.4% in the year to February 2024, unchanged from the previous two months and below market expectations of 3.5%. Still, the latest reading pointed to the lowest since November 2021, with food prices rising the least in 25 months (3.6% vs 4.4% in January).
- Australia's seasonally adjusted unemployment rate fell to 3.7% in February 2024, the lowest since last September, from 4.1% in January. Figures were less than market forecasts of 4.0%, as the number of unemployed individuals dropped by 52,000 to 548,300, with those seeking full-time jobs falling by 47,800 to 351,500.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	3.3%	14.4%	9.2%
Australian small companies	4.8%	13.8%	5.4%
Global shares (hedged)	3.3%	23.1%	10.0%
Global shares (unhedged)	3.0%	28.7%	14.1%
Global small companies (unhedged)	3.5%	18.8%	9.7%
Global emerging markets (unhedged)	2.0%	10.7%	3.9%
Global listed property (hedged)	3.6%	7.7%	-0.8%
Cash	0.4%	4.2%	1.5%
Australian fixed income	1.1%	1.5%	0.2%
International fixed income	0.8%	2.5%	-0.1%

Source: FactSet, Lonsec & Insignia Financial, 31 March 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 31/03 %	1 month change %	1 year change %
USD/AUD	0.6524	0.2%	-2.6%
Euro/AUD	0.6041	0.4%	-2.0%
Yen/AUD	98.74	1.3%	10.8%

Source: FactSet & Insignia Financial, 31 March 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.



# Market Wrap

## February: Global Shares Dominate

- February saw solid returns, particularly for Global Shares.
- Global Shares** on an unhedged gained 5.9%. Global shares on a hedged basis gained 4.7%. Momentum as a factor was exceptionally strong again in February, extending its lead over the next strongest factors Growth and Quality.
- Australian shares** continued to advance slowly, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 0.8% for the month. The best performing styles for the month were Momentum and Growth. The poorest performing style was Value.
- Similar to global small caps, **Australian small caps** are trading at an attractive discount to larger cap stocks, which may be starting to entice investors.
- Fixed income** lost ground this month after returning very small gains last month. Australian Fixed Interest lost 0.3%, while global fixed interest lost 0.8%.
- The Australian dollar lost 1.5% against the U.S. dollar over the month.

## U.S. Inflation Edges Up

### Globally

- The annual inflation rate in the U.S. unexpectedly edged up to 3.2% in February 2024, compared to 3.1% in January and above forecasts of 3.1%. Energy costs dropped much less than expected (-1.9% vs -4.6% in January), with gasoline declining 3.9% (vs -6.4%), utility gas service falling 8.8% (vs -17.8%) and fuel oil going down 5.4% (vs -14.2%).
- U.S. core inflation eased to 3.8% from 3.9%, compared to forecasts of 3.7%. The monthly rate remained steady at 0.4%, instead of forecasts of 0.3%.
- In the U.S., the number of job openings went down by 26,000 from the previous month to 8,863 million in January 2024, the lowest in three months and below the market consensus of 8.9 million.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia stood at 3.4% in the year to January 2024, unchanged from the previous month and less than market forecasts of 3.6%.
- Retail sales in Australia increased by 1.1% month-on-month in January 2024, unrevised from the preliminary figures. The latest result followed a 2.1% fall in the prior month, with all retail industries contributing to the upturn after consumers brought forward spending to take advantage of discounts during the Black Friday event.
- The next RBA interest rate decision is on the 19<sup>th</sup> March, where it is widely anticipated that the RBA Official Cash Rate will remain unchanged at 4.35%.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	0.8%	10.6%	8.6%
Australian small companies	1.7%	7.8%	4.4%
Global shares (hedged)	4.7%	22.2%	9.6%
Global shares (unhedged)	5.9%	29.8%	13.8%
Global small companies (unhedged)	4.9%	12.5%	8.9%
Global emerging markets (unhedged)	6.3%	12.6%	3.7%
Global listed property (hedged)	-0.2%	-0.1%	-0.8%
Cash	0.3%	4.1%	1.5%
Australian fixed income	-0.3%	3.5%	0.3%
International fixed income	-0.8%	3.9%	0.1%

Source: FactSet, Lonsec & Insignia Financial, 29 February 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 29/02 %	1 month change %	1 year change %
USD/AUD	0.6512	-1.5%	-3.7%
Euro/AUD	0.6017	-1.1%	-5.1%
Yen/AUD	97.46	0.9%	5.9%

Source: FactSet & Insignia Financial, 29 February 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.  
**Please note:** Past performance is not indicative of future performance.

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# Market Wrap

## January: Steady Start to 2024

- After an excellent month in December, returns in January seemed to be somewhat subdued.
- Global Shares** on an unhedged basis were the best performers gaining 4.5%. Global shares on a hedged basis gained 1.8%. Momentum as a style was exceptionally strong in January. Even more so than Growth or Quality. This may be reflective of investors buying into the market leading "Magnificent 7" even after the exceptional year they had in 2023.
- Australian shares** had a reasonable start to the year, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 1.2% for the month. The best performing styles for the month were Low volatility and Growth, although, again this month, there was relatively little differentiation between styles, with one exception, Momentum which was a bit of a laggard. His was in stark contrast to global shares where Momentum performed well.
- Fixed income** ground out small gains during January, with Australian Fixed Interest gaining 0.2%, while global fixed interest gained 0.4%.
- The Australian dollar lost 3.1% against the U.S. dollar over the month.

## U.S. Inflation Down, but Above Forecasts

### Globally

- The annual inflation rate in the U.S. fell back to 3.1% in January 2024 following a brief increase to 3.4% in December, but came in higher than forecast (2.9%). Energy costs dropped 4.6% (vs -2.0% in December), with gasoline declining 6.4% (vs -1.9%), utility (piped) gas service falling 17.8% (vs -13.8%) and fuel oil sinking 14.2% (vs -14.7%).
- The inflation rate in the Euro Area went down to 2.8% year-on-year in January 2024 from 2.9% in the previous month, in line with market expectations, a preliminary estimate showed. Meanwhile, the core rate, which excludes volatile food and energy prices, continued to ease to 3.3%, above forecasts of 3.2%, but still reaching its lowest level since March 2022.

### Locally

- Australia's inflation rate was at 4.1% YoY in Q4 of 2023, down from 5.4% in Q3 and below market expectations of 4.3%. This was the lowest figure since Q4 of 2021, as goods inflation eased for the fifth consecutive quarter (3.8% vs 4.9% in Q3) and services inflation slowed for the second straight quarter (4.6% vs 5.8%).
- As expected, the RBA kept the official cash rate at 4.35% at its February meeting. The next cash rate announcement will be on March 19<sup>th</sup>.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	1.2%	7.1%	9.7%
Australian small companies	0.9%	2.1%	5.4%
Global shares (hedged)	1.8%	16.5%	10.5%
Global shares (unhedged)	4.5%	25.1%	13.7%
Global small companies (unhedged)	0.4%	9.8%	9.1%
Global emerging markets (unhedged)	-1.6%	3.5%	3.0%
Global listed property (hedged)	-3.4%	-3.5%	-0.7%
Cash	0.4%	4.0%	1.4%
Australian fixed income	0.2%	2.5%	0.6%
International fixed income	-0.3%	2.8%	0.2%

Source: FactSet, Lonsec & Insignia Financial, 31 January 2024

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 31/01 %	1 month change %	1 year change %
USD/AUD	0.6610	-3.1%	-6.2%
Euro/AUD	0.6086	-1.5%	-6.2%
Yen/AUD	96.63	0.4%	5.4%

Source: FactSet & Insignia Financial, 31 January 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.

# Market Wrap

## December: 2023 Ends on a High

- After a poor month for nearly all investments in October, returns during November and December were exceptional.
- During December, **Global Share** performance, especially on a hedged basis was solid. Global shares gained 1.8% on an unhedged basis, and gained a very favourable 3.9% on a hedged basis.
- For December, the U.S. S&P 500 price index was up 4.4% in local currency. Global shares continued to perform well in December, as the market priced in further cuts to both interest rates and bond yields.
- Australian shares** had a great close to the year, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 7.3% for the month. The best performing styles for the month were Quality and Momentum, although there was relatively little differentiation between styles. The best performing sector was Property Trusts returning 10.1%, while the lowest performing sectors were Utilities and Energy, up by 1.4% and 3.4% respectively.
- Fixed income** had a very strong month, with Australian Fixed Interest gaining 2.7%, while global fixed interest gained 3.0%.
- The Australian dollar gained a solid 2.9% against the U.S. dollar over the month, as many market participants started to factor in imminent rate cuts in the U.S.

## Inflation Ticks Up in the U.S. and Europe

### Globally

- The annual inflation rate in the U.S. went up to 3.4% in December 2023 from a five-month low of 3.1% in November, higher than market forecasts of 3.2%, as energy prices went down at a slower pace. Energy costs dropped 2% (vs -5.4% in November), with gasoline declining 1.9% (vs -8.9%) and fuel oil sinking 14.7% (vs -24.8%).
- The inflation rate in the Euro Area rose to 2.9% year-on-year in December 2023, climbing from an over two-year low of 2.4% seen in November, yet slightly below the market consensus of 3%, according to a preliminary estimate. It was the first uptick in inflation since April and was primarily propelled by energy-related base effects.

### Locally

- The monthly Consumer Price Index indicator in Australia rose by 4.3% for the year to November 2023, down from 4.9% in October and less than forecasts of 4.4%. It was the second straight month of moderation in annual inflation, with the latest reading pointing to the lowest since January 2022.
- As expected, the RBA kept the official cash rate at 4.35% at its December meeting. The next cash rate announcement will be on February 6<sup>th</sup>.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	7.3%	12.4%	10.3%
Australian small companies	7.2%	7.8%	6.4%
Global shares (hedged)	3.9%	21.7%	11.6%
Global shares (unhedged)	1.8%	23.2%	13.6%
Global small companies (unhedged)	6.5%	15.0%	10.4%
Global emerging markets (unhedged)	1.0%	9.2%	4.3%
Global listed property (hedged)	8.2%	7.9%	1.9%
Cash	0.4%	3.9%	1.4%
Australian fixed income	2.7%	5.1%	0.6%
International fixed income	3.0%	5.3%	0.5%

Source: FactSet, Lonsec & Insignia Financial, 31 December 2023

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 31/12 %	1 month change %	1 year change %
USD/AUD	0.6824	2.9%	0.6%
Euro/AUD	0.6177	1.6%	-2.8%
Yen/AUD	96.20	-1.9%	7.5%

Source: FactSet & Insignia Financial, 31 December 2023.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.

# Market Wrap

## November: Solid rebound

- After a poor month for nearly all investments in October, returns during November were exceptional strong.
- During November, **Global Share** performance, especially on a hedged basis was great. Global shares gained 4.4% on an unhedged basis, and gained a stellar 8.0% on a hedged basis.
- For November, the U.S. S&P 500 price index was up 8.9% in local currency. Global shares rocketed in November as traders started to bet on a Goldilocks scenario of inflation falling and central banks lowering interest rates.
- Australian shares** also gained ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 5.0%. The best performing styles for the month were Growth and Small Caps. The best performing sector was Health Care returning 11.7%, while the worst performing sectors were Energy and Utilities, down by 7.4% and 6.0% respectively.
- Fixed income** had a very strong month, with Australian Fixed Interest gaining 3.0%, while global fixed interest gained 3.2%.
- The Australian dollar gained a very solid 4.7% against the U.S. dollar over the month. The most recent rally in the AUD/USD has been driven by elevated commodity prices, positive risk sentiment, and a hawkish RBA, amid a weakening U.S. dollar facing pressure from the Fed's dovish pivot and anticipated 1.25% of rate cuts expected next year.

## Inflation cools in both the U.S. & Europe

### Globally

- The annual inflation rate in the U.S. slowed to 3.2% in October 2023 from 3.7% in both September and August, and below market forecasts of 3.3%. Energy costs dropped 4.5% (vs -0.5% in September), with gasoline declining 5.3%, utility (piped) gas service falling 15.8% and fuel oil sinking 21.4%.
- The inflation rate in the Euro Area declined to 2.4% year-on-year in November 2023, reaching its lowest level since July 2021 and falling below the market consensus of 2.7%.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia increased by 4.9% in the year to October 2023, slowing from September's five-month-high of 5.6%, below forecasts of 5.2%. It was the first decline in annual inflation and the slowest pace since July.
- As largely expected, the RBA kept the official cash rate at 4.35% at its December meeting.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	5.0%	1.5%	8.7%
Australian small companies	7.0%	-3.2%	4.0%
Global shares (hedged)	8.0%	11.0%	8.8%
Global shares (unhedged)	4.4%	14.4%	12.2%
Global small companies (unhedged)	4.4%	3.0%	7.7%
Global emerging markets (unhedged)	3.1%	5.3%	4.3%
Global listed property (hedged)	9.0%	-4.2%	-0.9%
Cash	0.3%	3.8%	1.4%
Australian fixed income	3.0%	0.2%	0.4%
International fixed income	3.2%	0.9%	0.2%

Source: FactSet, Lonsec & Insignia Financial, 30 November 2023

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance.

## Currency markets

Exchange rates	At close on 30/11 %	1 month change %	1 year change %
USD/AUD	0.6631	4.7%	-1.0%
Euro/AUD	0.6077	1.4%	-6.6%
Yen/AUD	98.02	2.2%	4.9%

Source: FactSet & Insignia Financial, 30 November 2023.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.





# Market wrap

## October: Only positive was Cash

- During October, **Global Share** performance was poor. Global shares lost 1.0% on an unhedged basis, and lost 2.8% on a hedged basis. Unhedged outperformed due to the AUD losing ground against both the Euro and the USD.
- For October, the U.S. S&P 500 price index was down 2.2% in local currency. Global shares fell in October amid worries that US interest rates may remain higher for longer given still strong inflation.
- Australian shares** lost ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index losing 3.8%. The best performing and the only positive return producing sector was the Utilities sector, which returned 1.7%. All other sectors were negative, with the worst sector being Information Technology, down by 7.6%.
- Fixed income** returns for the month were also poor, with Australian Fixed Interest losing 1.8%, while global fixed interest lost 0.8%.
- The Australian dollar lost 1.9% against the U.S. dollar over the month. Increasing geopolitical tensions in the Middle East, coupled with a surge in U.S. Treasury yields and uncertainty surrounding the global growth outlook, saw the AUD struggle.

## U.S. Labour Market still strong despite the latest figures

### Globally

- The unemployment rate in the United States increased to 3.9% in October 2023, slightly exceeding market expectations and the previous month's figure of 3.8%. This marks the highest jobless rate since January 2022, with the number of unemployed individuals rising by 146,000 to 6.51 million, while the count of employed individuals decreased by 348,000 to 161.2 million.

### Locally

- Australia's inflation rate fell to 5.4% p.a. in Q3 2023, down from 6.0% in the previous period, but above the market consensus forecast of 5.3%. This marked the third quarter in a row of lower annual inflation driven by a slowdown in goods and services inflation.
- The Reserve Bank of Australia raised its cash rate by 0.25% to 4.35% in line with market expectations at the November Melbourne Cup meeting. This comes after four meetings where the RBA maintained rates at 4.10%. This latest move brought borrowing costs to their highest level since late 2011.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	-3.8%	3.0%	7.2%
Australian small companies	-5.5%	-5.1%	2.5%
Global shares (hedged)	-2.8%	8.2%	6.7%
Global shares (unhedged)	-1.0%	11.7%	10.8%
Global small companies (unhedged)	-4.3%	0.0%	6.3%
Global emerging markets (unhedged)	-2.0%	11.9%	3.9%
Global listed property (hedged)	-4.5%	-7.7%	-1.9%
Cash	0.3%	3.7%	1.3%
Australian fixed income	-1.8%	-1.2%	-0.1%
International fixed income	-0.8%	0.1%	-0.4%

Source: FactSet, Lonsec & Insignia Financial, 31 October 2023

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance

## Currency markets

Exchange rates	At close on 31/10 %	1 month change %	1 year change %
USD/AUD	0.6332	-1.9%	-1.0%
Euro/AUD	0.5990	-1.7%	-7.4%
Yen/AUD	95.89	-0.4%	0.9%

Source: FactSet & Insignia Financial, 31 October 2023.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.



# Market wrap

## September: Cash is King Again

- During September, **Global Share** performance was poor. Global shares lost 4.0% on an unhedged basis, and lost 3.6% on a hedged basis. The difference was mostly due to the appreciation of the AUD versus the Euro.
- For September, the U.S. S&P 500 price index was down 3.7% in local currency. The heavy weight of I.T. names punished the NASDAQ to the tune of -5.8%. European equities did marginally better as the MSCI Europe was down only 1.3%.
- Australian shares** lost ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index losing 2.8%. The best performing and the only positive return producing sector was the Energy sector, which returned 1.3%. All other sectors were negative, with the worst sector being Property Trusts, down by 8.7%.
- Fixed income** returns for the month were also poor, with Australian Fixed Interest losing 1.5%, while global fixed interest lost 1.8%.
- The Australian dollar lost 0.3% against the U.S. dollar over the month. In a similar situation to last month, the U.S. dollar strengthened, benefitting from resilient domestic growth against a weak global backdrop. Markets are still pricing in one more interest rate rise by the Federal Reserve before year-end.

## Labour Markets Still Robust

### Globally

- The inflation rate in the Euro Area declined to 4.3% year-on-year in September 2023, reaching its lowest level since October 2021 and falling below the market consensus of 4.5%, a preliminary estimate showed.
- In a sign of strength from the U.S. economy, the number of job openings rose by 690,000 from the previous month to 9.61 million in August 2023, well above the market consensus of 8.8 million and indicating a robust labour market despite the Fed's unprecedented monetary policy tightening measures.

### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia climbed by 5.2% in the year to August 2023, accelerating from a 4.9% gain in July, which was the lowest level in 17 months, matching forecasts. It was the first increase in annual inflation since April, due mainly to faster rises in transport prices (7.4% vs 0.3%), with automotive fuel prices rising the most since November 2022.
- Australia's unemployment rate stood at 3.7% in August 2023, unchanged from July's three-month high and matching the market forecast, indicating the labour market is still solid.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	-2.8%	13.5%	6.7%
Australian small companies	-4.0%	6.8%	1.6%
Global shares (hedged)	-3.6%	18.1%	5.7%
Global shares (unhedged)	-4.0%	21.6%	9.8%
Global small companies (unhedged)	-4.9%	13.6%	5.5%
Global emerging markets (unhedged)	-2.3%	11.3%	2.9%
Global listed property (hedged)	-5.6%	-0.4%	-1.7%
Cash	0.3%	3.6%	1.3%
Australian fixed income	-1.5%	1.6%	0.3%
International fixed income	-1.8%	0.5%	-0.2%

source: FactSet, Lonsec & Insignia Financial, 30 September 2023

**Indices used:** Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

**Please note:** Past performance is not indicative of future performance

## Currency markets

Exchange rates	At close on 30/09 %	1 month change %	1 year change %
USD/AUD	0.6454	-0.3%	0.4%
Euro/AUD	0.6096	2.2%	-7.1%
Yen/AUD	96.31	2.1%	3.5%

Source: FactSet & Insignia Financial, 30 September 2023.

All foreign exchange rates are rounded to two decimal places where appropriate.

**Please note:** Past performance is not indicative of future performance.