

Market review

August 2019

How the different asset classes have fared:
(As at 31 August 2019)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mo %	3 Mo %	1 Mo %
Cash ¹	2.96	2.03	1.81	1.82	1.18	0.82	0.34	0.08
Australian Bonds ²	6.12	5.30	4.68	11.20	9.23	7.53	3.54	1.51
International Bonds ³	6.64	5.06	3.87	10.00	8.62	7.51	4.24	2.20
Australian Shares ⁴	8.58	8.05	11.10	8.58	20.57	9.32	4.13	-2.22
Int. Shares Unhedged ⁵	11.83	13.63	13.82	7.76	20.51	9.58	7.99	0.25
Int. Shares Hedged ⁶	12.05	8.73	10.59	0.66	15.57	4.23	4.90	-2.07
Emerging Markets Unhedged ⁷	6.14	6.78	9.23	2.38	8.63	0.59	2.67	-2.70
Listed Infrastructure Unhedged ⁸		13.86	13.71	22.87	24.72	13.77	7.67	3.35
Australian Listed Property ⁹	12.52	13.22	8.94	19.83	23.82	14.80	8.30	1.32
Int. Listed Pty Unhedged ¹⁰	12.59	12.36	7.62	17.36	24.37	13.15	7.93	4.74

1 Bloomberg AusBond Bank 0+Y TR AUD, 2 Bloomberg AusBond Composite 0+Y TR AUD, 3 Bloomberg Barclays Global Aggregate TR Hdg AUD, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD



August was a mixed month for investors, with bond prices continuing to rise while share markets were volatile and pared this year's gains.

There were a number of factors that weighed on global share markets over the month. Firstly, the US Federal Reserve cut rates by 25 basis points, however, markets were disappointed after Chairman Powell said that this would not be the beginning of a long series of rate cuts. Secondly, there was an escalation in the trade dispute between China and the US: the US and China imposed further tariffs on each other; the US declared that China is a currency manipulator; and Chinese companies suspended purchasing new US agricultural products. Thirdly, there was further evidence of global economic weakness, particularly in the manufacturing sector.

Bond prices continued to increase in August, supported by the expectation of further monetary easing by a number of central banks due to a widespread slowing in global growth. There is considerable uncertainty in markets at present and the risk of a global recession has increased; this has been reflected in inverted yield curves in a number of countries. The RBA kept rates on hold in August but continued to reiterate that they will ease monetary policy further if needed and that interest rates are expected to stay low for an extended period.

The Australian dollar fell over the month, which boosted returns for investing in offshore share markets; unhedged international shares outperformed hedged shares. We expect the Australian dollar to continue to weaken this year as Australian interest rates are expected to remain lower than US interest rates, iron ore prices should retrace further and risk sentiment may deteriorate.

Disclaimer

The information contained in this material is current as at date of publication unless otherwise specified and is provided by ClearView Financial Advice Pty Ltd ABN 89 133 593 012, AFS Licence No. 331367 (ClearView) and Matrix Planning Solutions Limited ABN 45 087 470 200, AFS Licence No. 238 256 (Matrix). Any advice contained in this material is general advice only and has been prepared without taking account of any person's objectives, financial situation or needs. Before acting on any such information, a person should consider its appropriateness, having regard to their objectives, financial situation and needs. In preparing this material, ClearView and Matrix have relied on publicly available information and sources believed to be reliable. Except as otherwise stated, the information has not been independently verified by ClearView or Matrix. While due care and attention has been exercised in the preparation of the material, ClearView and Matrix give no representation, warranty (express or implied) as to the accuracy, completeness or reliability of the information. The information in this document is also not intended to be a complete statement or summary of the industry, markets, securities or developments referred to in the material. Any opinions expressed in this material, including as to future matters, may be subject to change. Opinions as to future matters are predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. Past performance is not an indicator of future performance.

