

Market Review

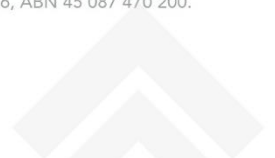
October 2020

How the different asset classes have fared:
(As at 31 October 2020)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash ¹	2.52	1.59	1.35	0.51	0.36	0.05	0.03	0.01
Australian Bonds ²	5.61	4.53	5.67	4.00	4.88	1.91	0.93	0.28
International Bonds ³	5.69	4.41	4.49	3.76	4.27	1.43	-0.35	0.00
Australian Shares ⁴	6.99	7.21	4.78	-6.51	-7.55	10.94	2.24	2.08
Int. Shares Unhedged ⁵	12.58	8.60	9.33	2.71	-1.09	4.86	1.94	-1.13
Int. Shares Hedged ⁶	11.03	8.06	5.01	1.15	-4.15	10.40	-0.32	-3.17
Emerging Markets Unhedged ⁷	5.53	7.75	4.50	5.62	-0.21	12.90	4.72	4.14
Listed Infrastructure Unhedged ⁸	11.21	5.94	4.99	-11.16	-11.52	-3.07	1.32	1.16
Australian Listed Property ⁹	9.76	4.93	3.26	-17.18	-15.43	13.24	6.41	-0.28
Int. Listed Pty Unhedged ¹⁰	7.84	-0.16	-0.17	-27.08	-24.38	-5.91	-2.93	-1.16

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

The Australian share market performed strongly over October with the S&P/ASX All Ordinaries returning 2.08%, as COVID-19 cases remained low. The end of October saw Victoria's relaxing of its lockdown restrictions. Data in Australian remained mix. Just over 50% of the jobs and hours cut in April/May have recovered, the remainder is expected to take significantly longer to recover. While new home sales strengthened in September due to HomeBuilder and other incentives.



Global markets were highly volatile in October. Two topics dominated markets over October: rising COVID-19 cases across Europe and the US, and the absence of a pre-election fiscal stimulus. October started off strongly as most major indices were up but due to the increasing uncertainties, European and US indices sold off late in the month, giving up all gains and ending negative.

The S&P 500 ended October down -2.7%, as the markets dealt with the rising number of cases in COVID-19, particularly in the mid-west together with the ambiguity regarding a clear presidential winner. European stocks suffered considerably, with the Euro Stoxx 50 down -7.4% for the month, as all major economies reported new highs in inflection rates. Governments across Europe have imposed varying levels of containment measures, which is expected to prevent any near-term recovery. Fortunately, even with higher infection rates, death rates have remained low across Europe and US due to better testing and treatments.

Asia was the standout region, in particular, China. The MSCI China A International USD returned 3.5% in October, as economic activity in China rebounded strongly. Chinese exports strengthened in September, imports rebounded, and credit growth accelerated.

The two topics that dominated October headlines will continue to substantially impact global markets. The results of the November election will remain in focus, as the outcome will affect the level of fiscal stimulus. While the ability of developing governments to curb infection rates will affect their ability to have a swifter recovery.

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