

Market Review

How the different asset classes have fared:

(As at 31 December 2021)

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	1.94	1.11	0.63	0.03	0.03	0.01	0.01	0.00
Australian Bonds ²	4.15	3.36	2.87	-2.87	-2.87	-1.15	-1.46	0.09
International Bonds ³	4.64	3.17	3.52	-1.53	-1.53	0.08	0.03	-0.44
Australian Shares ⁴	11.01	10.43	14.82	17.74	17.74	4.58	2.48	2.67
Int. Shares Unhedged ⁵	16.91	15.18	20.70	29.67	29.67	11.52	7.18	1.73
Int. Shares Hedged ⁶	14.65	14.12	20.35	23.98	23.98	8.58	7.90	3.98
Emerging Markets Unhedged ⁷	8.74	9.90	9.78	6.13	3.68	-2.82	-4.06	1.85
Listed Infrastructure Unhedged ⁸	12.89	9.23	10.27	22.11	22.11	11.88	7.03	4.92
Australian Listed Property ⁹	14.13	9.90	13.41	27.03	27.03	15.35	10.07	5.24
Int. Listed Pty Unhedged ¹⁰	12.36	7.45	11.51	39.36	39.36	15.48	11.49	4.65

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

Source: Centrepoint Research Team, Morningstar Direct

International Equities

Unhedged and hedged international equities exposures finished positive on the month of December, changing 3.98% and 1.73% respectively. Even with high inflation numbers and surging Omicron case



numbers, international equities rose to finish the year. A gain in the AUD/USD caused by a rebound in the iron ore price, which is highly correlated to the AUD, meant slight divergence in the hedged and unhedged returns.

Australian Equities

The S&P/ASX All Ordinaries Index rose by 2.67% in December to finish the year strong. Fears regarding the Omicron variant subsided from the previous month as markets didn't believe the economic impacts from the outbreak would cause economic damage like the previous variants. This had a lot to do with the governments "learn to live with it" reaction to the virus.

Domestic and International Fixed Income

Australian long and short-term bond yields remained mostly unchanged on the month as the index rose 0.09%. International bonds fell 0.44% on the month as the US 10-year bond rose slightly on the month, differing from the Australian market. The Federal Reserve is likely initiating rate hikes in March this year which slightly pushed up these yields.

Australian Dollar

The Australian Dollar rose 1.8% on the quarter as a bounce in the iron ore price provided support. The Aussie Dollar is still in a gradual downtrend over the one year as it fell ~6% across 2021. This was primarily driven by a significant fall in the iron ore price from the fall in demand in the commodity primarily from China. The correlation between this commodity and the AUD is significant as it is Australia's most exported resource.

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