

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.

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