


**Quarterly Market Commentary as at 31 Dec 2020\***

Market Indices	Returns as at 31 Dec 2020					
	3 mth (%)	6 mth (%)	1 yr (%)	3 yr (% p.a.)	5 yr (% p.a.)	10 yr (% p.a.)
<b>Australian Shares</b>						
S&P/ASX 200 Accumulation Index	13.7	13.2	1.4	6.7	8.7	7.8
<b>International Shares</b>						
MSCI All Countries World Net Index (AUD)	6.5	10.6	5.9	10.6	10.9	12.3
<b>Australian Fixed Interest</b>						
Bloomberg AusBond Composite 0+ Yr Index	-0.1	0.9	4.5	5.4	4.6	5.6
<b>International Fixed Interest</b>						
FTSE World Broad Investment Grade Index AUD Hedged	0.8	1.7	5.8	4.9	4.7	5.9
<b>Property</b>						
S&P/ASX 200 A-REIT Accumulation Index	13.3	21.2	-4.6	5.4	7.0	11.1
<b>Cash</b>						
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.4	1.3	1.5	2.4
<b>Currency</b>						
AUD/USD	7.7	12.1	9.8	-0.4	1.2	-2.8

**Financial markets commentary:**

Over the December quarter, in November, the Reserve Bank of Australia lowered rates to 0.10%. The RBA also announced Australia's first ever Quantitative Easing program, in which the RBA will be buying \$100 billion government bonds in order to provide liquidity in the financial system and encourage lending. Strong 'risk on' sentiment over the December quarter saw the Australian dollar rise 7.7% against the US dollar to 77.2 cents.

The S&P/ASX 200 Accumulation Index returned 13.7% over the December quarter. Promising vaccine results, along with additional monetary stimulus and the US election outcome help boosted equities higher. The Energy sector was the strongest performing sector returning 26.2% over the quarter and Utilities Sector was the worst performing sector returning -7.1%.

The MSCI All Country World Index rose 6.5% over the 3-month period in AUD terms, 14.7% in USD terms. Major global equity markets rose as they were boosted by vaccine optimism with a number of companies in the process of obtaining approval for distribution in both Europe and the US.

December quarter was relatively mixed for Australian and global bond markets. Early in the quarter over the month of October the US curve steepened as the yields on the longer-dated bonds rising sharply following volatility leading up to the US election and in Germany, yields experienced downward pressure as new lockdown restrictions were implemented. Towards the end of the quarter bond yields edged higher in both US and Australia, reflecting improving economic outlook. US 10-year government bond yields increased over the quarter by 23 basis points, finishing the period at 0.91%. Meanwhile the UK and German 10-year yields had fallen over the quarter by 3 and 5 basis points, ending down the period at 0.20% and -0.57% respectively. Australian 10-year government bond yields increased by 18 basis points to 0.97%.

\*Source: This commentary has been prepared by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA) and is general information only.