



**HEALTHIER, LONGER,
BETTER LIVES**

Quarterly Market Commentary as at 30 June 2021*

| Market Indices | Returns as at 30 June 2021 | | | | | |
|--|----------------------------|-----------|----------|---------------|---------------|----------------|
| | 3 mth (%) | 6 mth (%) | 1 yr (%) | 3 yr (% p.a.) | 5 yr (% p.a.) | 10 yr (% p.a.) |
| Australian Shares | | | | | | |
| S&P/ASX 200 Accumulation Index | 8.3 | 12.9 | 27.8 | 9.6 | 11.2 | 9.3 |
| International Shares | | | | | | |
| MSCI All Countries World Net Index (AUD) | 9.0 | 15.4 | 27.7 | 14.0 | 14.4 | 13.9 |
| Australian Fixed Interest | | | | | | |
| Bloomberg AusBond Composite 0+ Yr Index | 1.5 | -1.7 | -0.8 | 4.2 | 3.2 | 4.9 |
| International Fixed Interest | | | | | | |
| Bloomberg Barclays Global Aggregate Corporate (hedged AUD) | 2.4 | -1.0 | 3.3 | 6.0 | 4.4 | 6.3 |
| Property | | | | | | |
| S&P/ASX 200 A-REIT Accumulation Index | 10.5 | 9.9 | 33.2 | 7.7 | 5.8 | 11.8 |
| Cash | | | | | | |
| Bloomberg AusBond Bank Bill Index | 0.0 | 0.0 | 0.1 | 1.0 | 1.3 | 2.2 |
| Currency | | | | | | |
| AUD/USD | -1.4 | -2.7 | 9.0 | 0.5 | 0.2 | -3.5 |

Financial markets commentary:

Over the June quarter, the Reserve Bank of Australia (RBA) kept the cash rate the same at 0.10%. Economic indicators have generally been positive, however the implementation of further lockdown restrictions in June has made the outlook cloudy. In regards to interest rates, the Governor of the RBA stated that with the state of the economy it is unlikely that rates be increased until 2024 at the earliest. The Australian dollar was weakened against the US dollar reflecting the evolving interest rate expectations in the US. Over the quarter the Australian dollar fell -1.4% against the US dollar to 75.1 cents.

The S&P/ASX 300 Accumulation Index returned 8.5% over the June quarter. Australian equities hit record highs in June despite the re-emergence of Covid cases in various state capitals. Rising earnings expectations, improving economic data, increasing commodity prices and steady declines in bond yields provided support in the Australian markets. The Information Technology sector was the strongest performing sector returning 12.1% over the quarter. Most sectors had positive returns. The only sectors that had a negative return over the June quarter was Utilities and Energy sectors return -5.8% and -2.9% respectively.

The MSCI All Country World Index rose 9.0% over the 3-month period in AUD terms, 7.1% in USD terms. The focus in the overall market has been on the risk brought on by the new 'delta' variant of Covid-19 and the pace of vaccine administration. Technology stocks had outperformed due to lockdown rules prompted by several countries.

Global bond markets had mixed results in the June quarter. The US Federal Reserve officials had revised their expectations and indicated that interest rates could be hiked before the end of 2023 as inflation continues to rise. Investors continued to monitor Covid cases and the pace of vaccine rollouts worldwide. US 10-year government bond yields decreased over the quarter by 27 basis points, finishing the period at 1.47%. The German 10-year yields had risen over the quarter by 8 basis points, ending down the period at -0.21%. Australian 10-year government bond yields decreased by 26 basis points to 1.53%.

*Source: This commentary has been prepared by AIA Australia Limited ABN 79 004 837 861 AFSL 230043 (AIA Australia) and is general information only. It does not constitute any recommendation, or advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider obtaining personalised advice from a financial adviser before making any financial decision in relation to the matters discussed.

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