


**Quarterly Market Commentary as at 30 September 2019\***

| Market Indices                                     | Returns as at 30 September 2019 |           |          |               |               |                |
|--|---------------------------------|-----------|----------|---------------|---------------|----------------|
|  | 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                     | 2.4                             | 10.5      | 12.5     | 11.9          | 9.5           | 8.1            |
| <b>International Shares</b>                        |                                 |           |          |               |               |                |
| MSCI All Countries World Net Index (AUD)           | 4.0                             | 9.1       | 8.8      | 14.4          | 12.4          | 11.3           |
| <b>Australian Fixed Interest</b>                   |                                 |           |          |               |               |                |
| Bloomberg AusBond Composite 0+ Yr Index            | 2.0                             | 5.1       | 11.1     | 4.6           | 5.3           | 6.0            |
| <b>International Fixed Interest</b>                |                                 |           |          |               |               |                |
| FTSE World Broad Investment Grade Index AUD Hedged | 2.5                             | 5.4       | 10.2     | 3.6           | 4.9           | 6.4            |
| <b>Property</b>                                    |                                 |           |          |               |               |                |
| S&P/ASX 200 A-REIT Accumulation Index              | 0.9                             | 5.1       | 18.3     | 9.2           | 13.6          | 11.1           |
| <b>Cash</b>  |                                 |           |          |               |               |                |
| Bloomberg AusBond Bank Bill Index                  | 0.3                             | 0.7       | 1.7      | 1.8           | 2.0           | 2.9            |
| <b>Currency</b>                                    |                                 |           |          |               |               |                |
| AUD/USD  | -3.9                            | -5.1      | -6.8     | -4.1          | -5.1          | -2.7           |

**Financial markets commentary:**

The Reserve Bank of Australia (RBA) once again lowered interest rates in July by 25bps and kept on hold in August and September. According to the RBA, lowering interest rates are required to support employment and income growth, thereby help boost inflation back up towards the target 2% to 3% range. The interest rates are at historic low of 1%. The Australian Dollar depreciated over the quarter against the US Dollar by 3.8%, closing at 67.50 US cents at the end of September.

The S&P/ASX 200 Accumulation Index rose 2.4% over the September quarter. The Consumer Discretionary and Consumer Staples were the best performers for the quarter returning 6.6% and 10.0% respectively. Materials was the worst performing sector for the quarter falling -5.5%.

Global equity markets remained relatively flat over the September quarter, the MSCI All Country World Index rose 4.0% in AUD terms attributable to the weaker Australian Dollar, and returned -0.03% in USD terms. Markets were volatile during the period with the uncertainty over the US and China trade deal.

During the quarter, US Federal Reserve lowered interest rates by 25bps. Ongoing US/China trade issues and the negative economic outlook weighed down the bond markets. Bond yields fell across the globe over September quarter. US 10-year government bond yields were down 34 basis points, finishing the quarter at 1.66%. UK and German 10-year yields fell 35 and 24 basis points respectively to 0.49% and -0.57% respectively. Australian 10-year government bond yields decreased by 30 basis points to 1.02%. The Bloomberg AusBond Bank Bill Index returned 0.3% for the 3 months.

\*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.