MONTHLY MARKET REPORT SUMMARY: APRIL 2025

Global share markets experienced significant volatility in April, largely driven by the US Administration's trade policies. The Australian share market outperformed global markets, buoyed by the relatively low direct impact from US tariffs, as well as improved domestic inflation data which supported expectations for further RBA easing. Commodity prices were mixed, with gold rising sharply and oil prices falling, while the Australian Dollar (AUD) rose against the United States Dollar (USD) as investors shifted away from US assets amidst the uncertainty.

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KEY SECTOR TAKEAWAYS

GLOBAL DEVELOPED SHARES

Global developed shares saw significant volatility due to the US Administration's trade policies, initially dropping sharply before recovering some losses as the tariff stance softened. Europe outperformed the US, benefiting from more expansive fiscal policy, lower inflation, and cheaper valuations. Overall, global shares declined by 0.5% in Australian Dollar (AUD) terms on a hedged basis and by 1.8% unhedged, with the stronger AUD amplifying losses for unhedged investors.

AUSTRALIAN SHARES

The Australian share market outperformed global markets, rising by 3.6%. The recovery was broad-based, supported by the softening of US tariff policy and relatively low direct impact, as well as improved inflation data hinting at potential RBA easing.

EMERGING MARKETS

Emerging markets managed to rise by 1.3% (in USD terms) despite global trade concerns, with leadership changing as China underperformed while Mexico and Brazil led the gains. A weaker USD and the easing of tariff concerns aided performance.

KEY SECTOR TAKEAWAYS

PROPERTY AND INFRASTRUCTURE

Australian REITs jumped by more than 6.0% after a poor recent period, while GREITs declined by 0.4%. Global Infrastructure achieved a small positive return for April, while being one of the top performing asset classes over the 12-month period.

GLOBAL FIXED INTEREST

Bond markets were extremely volatile due to the Trump Administration's policies and uncertainty around economic growth and inflation. US bond yields initially declined sharply following tariff announcements but then rose due to forced selling to meet margin requirements. Overall, Global Bonds returned 1.0% on an AUD hedged basis in April.

AUSTRALIAN FIXED INTEREST

: Australian Bonds rose 1.7% over the month. The Australian bond market was less volatile than the US, with bond yields declining to 4.17% [CR1] by month-end. This largely reflected the improved inflation picture and the prospect of Reserve Bank of Australia (RBA) rate cuts.

[CR1]Assuming this is the 10-yr? Should that be specified?

KEY SECTOR TAKEAWAYS

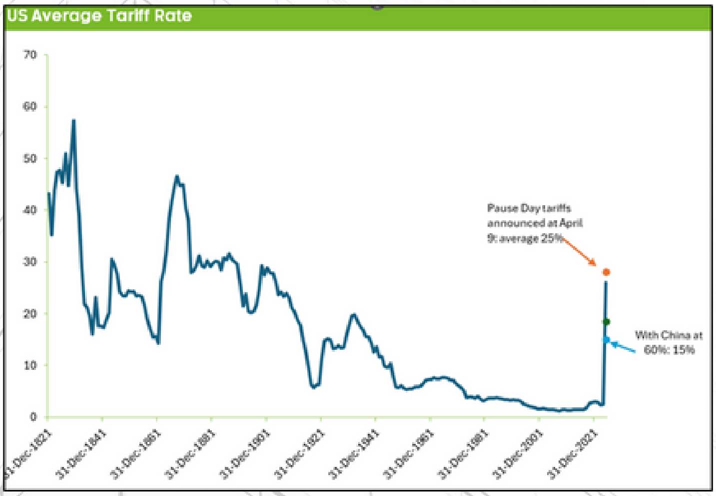
COMMODITIES

Gold prices surged by 7.5% (in AUD terms) as markets avoided the USD amidst tariff policy uncertainty. Brent crude oil dropped by over 15.0% (in AUD terms) on weaker demand prospects and increased OPEC supply.

CURRENCIES

Currency markets were a major focus due to the potential reshaping of trade and supply chains. The euro and yen both rose strongly against the USD, while the AUD also benefited from the shift away from US assets, rising by 2.5% to end the month at 64 cents.

ECONOMIC HIGHLIGHTS



TARIFFS

Markets reacted sharply to the announcement of more punitive US tariffs in early April, including a potential 145.0% tariff on Chinese imports, leading to recession risk concerns. However, President Trump later softened his stance, announcing a 90-day pause on some tariffs and exempting certain goods, which helped markets recover. The average tariff rate was estimated to be closer to 15.0% after these adjustments.

US GDP & INFLATION DATA

US GDP for the March quarter contracted by 0.3%, primarily dragged down by a surge in imports ahead of the tariffs. Excluding the impact of imports, final sales to domestic purchasers grew by 2.3%, suggesting a path towards a soft landing prior to the tariff impacts.

The core PCE price index for March showed core inflation flat for the month, bringing the 12-month rate down to 2.6% from 3.0%. This positive inflation news contrasted with the economic uncertainty caused by tariffs.

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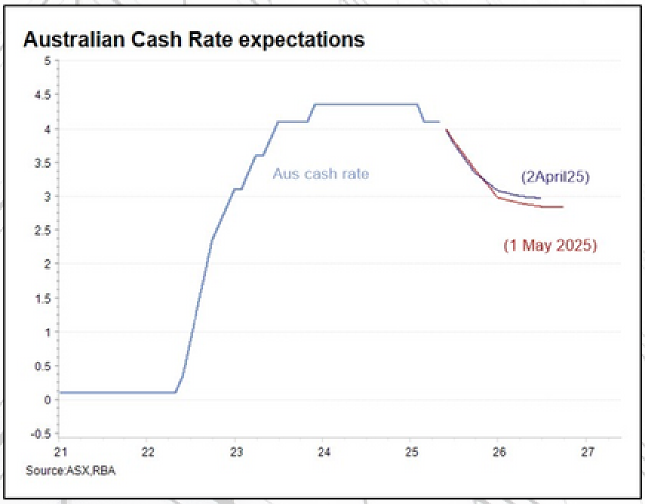
ECONOMIC HIGHLIGHTS



AUSTRALIAN INFLATION DATA & RBA OUTLOOK

Australia's headline inflation rate for the March quarter was 2.4%, while the core trimmed mean measure rose 0.7% for the quarter, taking the annual rate to 2.9%. This marked the first time core inflation had returned to the RBA target zone since December 2021, providing room for potential RBA easing.

ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.4	4.5	3.7	2.2
Australian Bonds	1.7	7.1	2.8	-0.2
Global Bonds (Hedged)	1.0	6.5	1.5	-0.6
Australian Shares	3.6	9.8	7.2	12.1
Global Shares (Unhedged)	-1.8	13.9	15.2	14.5
Global Shares (Hedged)	-0.5	9.8	9.9	13.0
Emerging Markets	-1.3	10.6	7.5	6.8
Global Infrastructure (Hedged)	0.2	14.9	3.3	6.9
Australian Listed Property	6.4	9.1	5.5	12.1
Global Listed Property (Hedged)	-0.4	9.0	-3.1	4.3
AUD / USD	2.2	-1.7	-3.5	-0.5

GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	3.6	13.6	4.7	8.1
Consumer Discretionary	1.2	8.7	8.1	11.9
Energy	-11.2	-8.8	5.3	17.6
Financials	0.6	26.7	16.3	19.1
Health Care	-1.9	1.0	3.6	7.1
Industrials	2.6	11.7	13.9	15.7
Information Tech	2.1	12.8	17.0	19.1
Materials	1.5	-1.0	1.7	11.2
Telecom	2.0	18.4	15.8	12.7
Utilities	3.6	22.9	7.1	9.2

AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	5.0	6.4	-0.7	3.3
Consumer Discretionary	5.9	18.0	11.9	15.7
Energy	-7.5	-24.4	-4.0	5.6
Financials	5.6	27.1	13.9	19.7
Health Care	2.1	-0.7	1.7	0.7
Industrials	2.7	19.1	10.1	10.2
Information Tech	6.3	8.4	12.2	12.7
Materials	0.7	-7.2	0.5	11.5
Telecom	6.4	19.4	8.1	13.6
Utilities	1.9	13.0	9.6	10.2

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CONCLUSION

- Global markets were highly volatile in April, driven by US trade policy, while European equities outperformed.
- The Australian market outperformed, supported by a softening in tariff policy and improved inflation data.
- Tariff developments and inflation data were key drivers of market sentiment and expectations for central bank actions.
- A diversified investment approach remains essential to navigating evolving financial markets.