

Market Wrap

March: Australian Equities Perform Well – All GICS Sectors Positive

- **Global shares** had a mixed month. Due to upward movements in the Australian dollar, on an unhedged basis, global shares were down 0.9%, but on a hedged basis were up 2.9%. In a fairly similar result to last month, global emerging markets fell 5.6% over the month.
- **Australian shares** performed well during March, with the S&P/ASX 200 Accumulation Index gaining 6.9%. The leading sectors were I.T. (up 13.15%) and Energy (up 9.59%). Note that I.T. was rebounding after a couple of poor months. Property Trusts was the worst performer for the month, although still in positive territory (up 1.14%).
- **Fixed income** returns for the month were again exceptionally poor, returning -3.7% domestically and -2.1% globally.
- The **Australian dollar (AUD)** gained 3.0% against the US dollar. The AUD also gained a very significant 9.1% against the Yen and 5.0% against the Trade-Weighted Index.

U.S. Fed's Lift-off

Globally

- U.S. Fed raises the cash rate for the first time since late 2018.
- Fed Officials indicated an aggressive tightening path ahead, with rate rises expected at each of the remaining six meetings in 2022.
- Members also pared back expectations for economic growth this year and sharply raised their outlook for inflation.
- Inflation in the U.S. is expected to remain at elevated levels for the short term. Euro area annual inflation is expected to be 7.5% in March 2022, up from 5.9% in February according to a flash estimate from Eurostat.

Locally

- Job Vacancies rose 6.9% in the 3 months to February to 423.5k. Vacancies are now 86% higher than pre-pandemic levels. Underscoring the strength of labour demand even after employment has more than recovered from lockdown impacts, there are now just 1.3 unemployed people per job vacancy, less than half the number prior to the pandemic.
- The disconnect between the markets' expectations of interest rate rises and RBA guidance appears to be continuing. Some markets are now pricing in around thirteen 25-basis point interest rate rises by September 2023, while consensus data of economists' forecasts is predicting a cash rate of around 1.50% at the same date.

Major asset class performance

| Asset classes | 1 month % | 1 year % | 5 years (p.a.) % |
|------------------------------------|-----------|----------|------------------|
| Australian shares | 6.9 | 15.0 | 9.2 |
| Australian small companies | 5.3 | 9.7 | 9.9 |
| Global shares (hedged) | 2.9 | 10.9 | 11.6 |
| Global shares (unhedged) | -0.9 | 11.6 | 12.9 |
| Global small companies (unhedged) | -2.4 | 0.5 | 10.2 |
| Global emerging markets (unhedged) | -5.6 | -10.1 | 6.3 |
| Global listed property (hedged) | 4.7 | 15.7 | 5.9 |
| Cash | 0.0 | 0.0 | 1.0 |
| Australian fixed income | -3.7 | -5.5 | 1.9 |
| International fixed income | -2.1 | -4.0 | 2.0 |

Source: Bloomberg & IOOF, 31 March 2022

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; 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 31/3 % | 1 month change % | 1 year change % |
|----------------------|--------------------|------------------|-----------------|
| USD/AUD | 0.75 | 3.0 | -1.5 |
| Euro/AUD | 0.68 | 4.5 | 4.4 |
| Yen/AUD | 91.1 | 9.1 | 8.3 |
| Trade weighted index | 63.6 | 5.0 | -0.5 |

Source: Bloomberg & IOOF, 31 March 2022

All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

This report is prepared by Bridges Financial Services Pty Limited ABN 60 003 474 977 AFSL 240837 (Bridges). Bridges is an ASX Market Participant and part of the IOOF group of companies. This report is prepared by the IOOF Research team for: Bridges Financial Services Pty Limited ABN 60 003 474 977 AFSL 240837, Consultum Financial Advisers Pty Ltd ABN 65 006 373 995 AFSL 230323, Elders Financial Planning ABN 48 007 997 186 AFSL 224645, Financial Services Partners ABN 15 089 512 587 AFSL 237 590, Millennium3 Financial Services Pty Ltd ABN 61 094 529 987 AFSL 244252, RI Advice Group Pty Ltd ABN 23 001 774 125 AFSL 238429, Shadforth Financial Group Ltd ABN 27 127 508 472 AFSL 318613 (Advice Licensees). The Advice Licensees are part of the IOOF group comprising IOOF Holdings ABN 49 100 103 722 and its related bodies corporate (IOOF group). The Advice Licensees and/or their associated entities, directors and/or employees may have a material interest in, and may earn brokerage from, any securities or other financial products referred to in this document or may provide services to the company referred to in this report. The document is not available for distribution outside Australia and may not be passed on to any third person without the prior written consent of the Advice Licensees. The Advice Licensees and associated persons (including persons from whom information in this report is sourced) may do business or seek to do business with companies covered in its research reports. As a result, investors should be aware that the firms or other such persons may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as a single factor in making an investment decision. The document is current as at the date of issue but may be superseded by future publications. You can confirm the currency of this document by checking the intranet site (links below). The information contained in this report is for the sole use of advisers and clients of AFSL entities authorised by the Advice Licensees. This report may be used on the express condition that you have obtained a copy of the Advice Licensees Financial Services Guide (FSG) from their respective website. Disclaimer: The information in this report is general advice only and does not take into account the financial circumstances, needs and objectives of any particular investor. Before acting on the advice contained in this document, you should assess your own circumstances or seek advice from a financial adviser. Where applicable, you should obtain and consider a copy of the Product Disclosure Statement, prospectus or other disclosure material relevant to the financial product before making a decision to acquire a financial product. It is important to note that investments may go up and down and past performance is not an indicator of future performance. The contents of this report should not be disclosed, in whole or in part, to any other party without the prior consent of the IOOF Research Team and Advice Licensees. To the extent permitted by the law, the IOOF Research team and Advice Licensees and their associated entities are not liable for any loss or damage arising from, or in relation to, the contents of this report. For information regarding any potential conflicts of interest and analyst holdings; IOOF Research Team's coverage criteria, methodology and spread of ratings; and summary information about the qualifications and experience of the IOOF Research Team please visit https://www.ioof.com.au/adviser/investment_funds/ioof_advice_research_process