



**HEADING FORWARD**  
FINANCIAL PLANNING



## September 2021

In this edition to keep you informed and inspired...

- Market Review *August 2021*

We look forward to hearing from you if you have any questions.

### Heading Forward Financial Planning

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August 2021

How the different asset classes have fared:  
(As at 31 August 2021)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash <sup>1</sup>	2.11	1.22	0.84	0.04	0.02	0.02	0.01	0.00
Australian Bonds <sup>2</sup>	4.76	3.33	4.52	1.05	0.08	4.23	2.55	0.09
International Bonds <sup>3</sup>	5.06	2.93	4.28	0.55	-0.59	1.56	1.53	-0.22
Australian Shares <sup>4</sup>	10.40	11.29	10.56	29.00	16.73	14.75	6.34	2.60
Int. Shares Unhedged <sup>5</sup>	16.82	15.67	14.80	31.42	24.78	23.24	11.68	3.09
Int. Shares Hedged <sup>6</sup>	14.44	14.46	13.49	29.40	19.38	17.18	6.73	2.67
Emerging Markets Unhedged <sup>7</sup>	8.53	10.45	8.89	21.63	8.07	4.48	1.29	3.05
Listed Infrastructure Unhedged <sup>8</sup>	13.48	8.54	7.97	19.33	16.36	20.40	8.26	2.34
Australian Listed Property <sup>9</sup>	13.15	7.13	9.36	31.75	17.70	25.81	12.81	6.38
Int. Listed Pty Unhedged <sup>10</sup>	11.83	5.51	7.18	38.09	31.13	27.00	13.31	2.15

1 Bloomberg AusBond Bank 0+Y TR AUD, 2 Bloomberg AusBond Composite 0+Y TR AUD, 3 Bloomberg Barclays Global Aggregate TR Hdg AUD, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD

### International Equities

International share markets (unhedged) rose 3.09% in August. The performance of hedged and unhedged shares is now fairly similar over longer time periods. However, with a weaker A\$, unhedged shares are now outperforming hedged over the past 6 and 12 months. The US share market continues to grind higher and higher. European shares also continue to deliver positive returns. In Asia there are rising concerns about China embarking on a difficult period of structural reform. This is reflected in poorer relative performance of Chinese stocks.

The vaccine rollout is progressing well in both the US and Europe, despite concerns about the spread of the “Delta” variant of Covid-19. Market breadth which measures participation in the market is becoming narrower, with fewer and fewer large capitalisation stocks responsible for driving the market higher.

### **Australian Equities**

The S&P/ASX All Ordinaries Index rose by 2.6% in August, largely following international markets. There are some risks that the prolonged lockdowns may impact the real economy and market sentiment negatively. However, the Australian vaccine rollout is finally starting to gain momentum, with credible forecasts of 70-80% vaccination rates likely to be achieved by late October. A risk factor for Australian shares is the continued fall in iron ore prices. The falling value of the A\$ will however partially offset these falls.

### **Domestic and International Fixed Income**

Australian government bond yields fell in August, leading to very modest capital gains in Australian fixed interest markets. The RBA has quite clearly indicated that Australian cash rates are likely to be held at current levels for at least the next few years. Internationally long-term interest rates rose modestly, leading to small capital losses on international bonds.

### **Australian Dollar**

The Australian dollar fell modestly against the US dollar in August. If commodity prices continue to fall as we expect then we would anticipate a lower A\$ in the future. We continue to prefer currency unhedged to currency hedged investments.

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