



HEADING FORWARD
FINANCIAL PLANNING



January 2026

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

- Monthly Market Update *December 2025*

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

Heading Forward Financial Planning

Shop 5, 45 Sandison Terrace
Glenelg North SA 5045

P 08 8294 3515

M 0478 541 254

E admin@headingforward.com.au

W www.headingforward.com.au

Facebook heading forward financial planning

LinkedIn <https://www.linkedin.com/company/heading-forward-financialplanning-pty-ltd>

MONTHLY MARKET UPDATE

December 2025

How different asset classes have fared:

(As of 31 December 2025)

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 ¹		2.76	4.20	4.06	4.06	1.89	0.94	0.34
Australian Bonds ²	1.85	-0.61	3.55	2.97	2.97	-0.87	-1.23	-0.66
International Bonds ³		-1.29	3.68	4.58	4.58	1.77	0.61	-0.29
Australian Shares ⁴	9.49	9.72	11.66	10.56	10.56	4.41	-0.80	1.26
Int. Shares Unhedged ⁵	13.31	15.64	22.12	12.63	12.63	8.89	2.58	-0.90
Int. Shares Hedged ⁶	11.81	12.13	20.32	18.71	18.71	11.36	3.52	0.52
Emerging Markets Unhedged ⁷	8.85	6.70	16.45	23.65	23.65	13.81	3.85	1.12
Listed Infrastructure Unhedged ⁸	8.54	9.90	9.14	6.26	6.26	2.41	-0.56	-3.64
Australian Listed Property ⁹	8.14	8.90	14.68	9.68	9.68	3.49	-1.22	1.97
Int. Listed Property Unhedged ¹⁰	4.09	6.51	6.70	-0.43	-0.43	1.20	-1.67	-2.98
Gold Bullion Unhedged ¹¹	15.03	17.90	33.46	65.00	65.00	31.45	13.17	3.57
Oil Unhedged ¹²	0.01	16.04	0.55	-7.64	-7.64	-5.46	-5.92	-1.26

1 iShares Core Cash ETF, 2 Vanguard Australian Fixed Interest Index, 3 Vanguard Global Aggregate Bd Hdg ETF, 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, 11 LMBA Gold Price AM USD, 12 S&P GSCI Crude Oil TR

Source: Centrepoint Research Team, Morningstar Direct

Key Themes:

- Australian equities rose while unhedged international equities fell:** Australian equities were supported by rising materials prices, while international equities suffered from profit-taking around the Magnificent Seven.
- Both Australian and international bonds fell:** Bond prices declined and yields rose as the market weighed the potential for persistent inflation and elevated central bank rates in 2026.
- Australian dollar strengthened:** A weakening USD and rising commodity prices supported the Australian dollar.
- Oil continued its decline; gold moved higher:** Oversupply and lower demand hurt oil prices, while US rate cuts boosted gold.

International Equities:

In December, hedged international equities rose by 0.52%, while unhedged equities fell by 0.90%. The outperformance of hedged positions was driven by the appreciation of the Australian dollar against the US dollar, which increased the value of investments held in Australian dollars. The S&P 500 delivered a modest return of 0.48% for the month, lagging other markets after a four-day sell-off at year-end. This decline was largely the result of profit-taking, particularly within the Magnificent Seven, which continued to dominate market performance throughout 2025. Earlier in the month, uncertainty emerged as delayed economic data releases caused by the US government shutdown sent mixed signals. Employment and inflation figures were lower than expected, yet third-quarter GDP remained strong.

Emerging markets continued their strong performance, gaining 1.12% in December and closing the year with an impressive return of 23.65%, significantly outperforming other major markets. December's growth was concentrated in technology stocks in Taiwan and South Korea, such as TSMC. Additional support came from the depreciation of the US dollar, which reduced debt burdens in emerging economies and boosted commodity prices.

Australian Equities

Australian equities grew by 1.26% in December, outpacing international equities. This growth was primarily driven by strong materials prices such as gold, silver, copper, and lithium, which boosted mining companies and led the Materials sector to a 6.34% return. The Financials sector also contributed, rising by 4.40%, as the Reserve Bank of Australia's decision to hold rates strengthened smaller financial stocks and allowed the major banks to recover slightly from their struggles in November. Additionally, the Real Estate sector added to overall market performance, posting a 1.20% gain.

However, while financials and materials outperformed, the broader picture was less positive, as all remaining sectors ended the month in negative territory. This highlights how sector tilts in the Australian market can significantly influence overall returns. Technology fell sharply by 7.44% amid fears of a potential RBA rate hike in 2026 and concerns over inflated valuations. Healthcare declined by 5.60%, continuing its weakness and finishing the year as the worst-performing sector on the ASX. Meanwhile, falling oil prices contributed to a 2.38% drop in the Energy sector.

Domestic and International Fixed Income

International bonds ended the month slightly lower, falling by 0.29%. While the US Federal Reserve cut its central bank rate by 25 basis points in December, the decision was more contentious than usual, passing by a 9–3 vote. This move, combined with forecasts suggesting only one rate cut in 2026, led to a slight increase in yields on 10-year US government bonds as markets anticipate elevated inflation over the long term.

Australian bonds performed slightly worse, declining by 0.66% in December. The Reserve Bank of Australia left the cash rate unchanged at its December meeting, citing persistent inflation and a relatively strong labour market. This decision, along with hawkish messaging, contributed to rising yields on both 2-year and 10-year Australian government bonds as investors expect inflation and interest rates to remain elevated in the short and long term.

Australian Dollar

Throughout December, the Australian dollar appreciated by 1.47% against the US dollar, moving from 0.66 to 0.67 AUD/USD. The US dollar weakened against most major currencies following the Federal Reserve's rate cut, which made holding other currencies more attractive. At the same time, the Australian dollar strengthened due to rising commodity prices, which increased the value of Australia's natural resource exports.

Commodities – Gold and Oil

Oil prices continued to decline in December, falling by 1.26% over the month. This weakness was driven by oversupply concerns as OPEC+ unwound output cuts and by softening demand amid slowing global growth.

Gold, on the other hand, rose by 3.57% in December, surpassing US\$4,500 per troy ounce for the first time. This increase was supported by several factors, including the Federal Reserve's rate cut earlier in the month and the weakening US dollar, which lowered the opportunity cost of holding gold.

Disclaimer

The information provided in this communication has been issued by Centrepoint Alliance Limited ABN 72 052 507 507 and Ventura Investment Management Ltd ABN 49 092 375 258 (AFSL 253045).

The information provided is general advice only and has not taken into account your individual financial situation, needs or objectives. This publication should be viewed as an additional resource, not as your sole source of information. You should consider the Product Disclosure Document for a particular product in deciding to acquire or continue to hold a product. Past performance is not necessarily indicative of future performance. It is imperative that you seek advice from a registered professional financial adviser before making any investment decisions.

Whilst all care has been taken in the preparation of this material, no warranty is given in respect of the information provided and accordingly neither Centrepoint Alliance Limited nor its related entities, guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution.