



**HEADING FORWARD**  
FINANCIAL PLANNING



## August 2021

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

- Market Review *July 2021*

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

### Heading Forward Financial Planning

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July 2021

How the different asset classes have fared:  
(As at 31 July 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>	2.15	1.26	0.89	0.05	0.02	0.01	0.01	0.00
Australian Bonds <sup>2</sup>	4.96	3.40	4.77	0.53	-0.01	0.41	2.73	1.76
International Bonds <sup>3</sup>	5.26	2.99	4.46	0.05	-0.38	0.19	1.96	1.25
Australian Shares <sup>4</sup>	9.90	10.42	10.24	30.38	13.77	13.43	5.67	1.06
Int. Shares Unhedged <sup>5</sup>	15.88	15.27	15.16	31.91	21.03	21.53	10.23	4.09
Int. Shares Hedged <sup>6</sup>	13.35	14.01	13.04	33.73	16.27	17.20	5.22	1.83
Emerging Markets Unhedged <sup>7</sup>	7.46	10.58	7.78	16.95	4.87	1.28	0.30	-4.81
Listed Infrastructure Unhedged <sup>8</sup>	13.24	7.61	7.63	14.17	13.69	15.79	5.55	4.17
Australian Listed Property <sup>9</sup>	12.78	5.24	8.05	33.70	10.64	15.34	7.94	0.47
Int. Listed Pty Unhedged <sup>10</sup>	11.30	4.63	7.86	33.07	28.36	28.01	12.13	6.37

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 by 4.1% in July. The weaker A\$ helped with hedged international shares which did not benefit from the falling A\$ only returning 1.8%. The US share market continues to edge higher. European shares also delivered positive returns. Chinese and Hong Kong share markets experienced a more difficult period; with concerns rising amongst property developers who are facing government restrictions on their capacity to borrow; and big Chinese technology companies who seem to have fallen out of favour with the Chinese authorities.

Overall, share markets continued to be underpinned by a strong recovery, due to the ongoing rollout of vaccines and lower long-term interest rates. However, there are some areas of concern. Market breadth which measures participation in the market is becoming narrower, with fewer and fewer large capitalization stocks responsible for driving the market higher.

### **Australian Equities**

The S&P/ASX All Ordinaries Index rose by 1.1% in July, supported by continued strength in the domestic economy. Sentiment remains positive despite the widening round of Covid-19 related lockdowns in Sydney and other capitals. Unlike the first round of lockdowns there are not aggressive stimulus packages in place. A key issue for both the Australian share market and the Australian economy is just how quickly Australia can roll out its vaccination program. There are some grounds for optimism, with additional vaccine supplies becoming available.

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

Australian government bond yields and US Treasury yields both moved lower in June, leading to capital gains in 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. The rise in capital values for bonds and most fixed interest funds is welcome. Investors depending on fixed interest investments to deliver income, will continue to experience low levels of interest rates over the coming periods.

### **Australian Dollar**

The Australian dollar fell by around 2% against the US dollar in July and is now lower for the calendar year to date, amid broad US dollar strength. The US dollar rose against most currencies.

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