

Market Wrap

June: Growth Assets Grow

- During June, **Global Share** performance was favourable. Global shares gained 3.1% on an unhedged basis, and gained an even better 5.6% on a hedged basis, due to an appreciating AUD relative to the USD.
- For June, the U.S. S&P 500 total return index was up 6.61%, with broad contributions across the market, compared to previous months when high-market-value issues dominated the market. Having said that, the mega-cap tech stocks still dominate the market and the market's year-to-date performance.
- **Australian shares** rose over the month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 1.8%. The best performing sectors were Materials and Information Technology, which were up 4.75% and 3.50% respectively. Healthcare was the worst performing sector for the month, losing 6.64%.
- **Fixed income** returns for the month were disappointing, with Australian Fixed Interest losing 2.0%, while global fixed interest lost a relatively small 0.2%.
- The Australian dollar rose by 2.9% against the U.S. dollar over the month, after losing 2.1% in May. The AUD/USD started June on the back foot, but then early in the month a better-than-expected China Caixin Manufacturing PMI helped offset some of the negativity, while in Australia, the Fair Work Commission announcement of a 5.75% minimum award wage increase triggered speculation that the RBA would now need to make further rate increases to tame inflation.

Inflation Down

Globally

- The annual inflation rate in the U.S. slowed to 3% in June, the lowest since March 2021 and significantly lower than the 4% in May and slightly below expectations of 3.1%. The slowdown is partly due to a high base effect from last year when a surge in energy and food prices pushed the headline inflation rate to post 1981-highs of 9.1%.
- The consumer price inflation rate in the Euro Area decreased to 5.5% in June 2023, down from 6.1% in the previous month and slightly below market expectations of 5.6%, an early estimate showed.

Locally

- The Reserve Bank of Australia maintained its cash rate at 4.1% at its July meeting, after raising it by 0.25% in June, with a total of 4% in increases since May 2022. The board said it needed more time to assess the impact of past hikes, adding that inflation in the country has passed its peak with the monthly CPI indicator showing a further drop to 5.6% in May.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	1.8%	14.8%	7.2%
Australian small companies	0.0%	8.4%	2.3%
Global shares (hedged)	5.6%	16.6%	8.3%
Global shares (unhedged)	3.1%	22.6%	11.5%
Global small companies (unhedged)	3.3%	16.7%	6.6%
Global emerging markets (unhedged)	0.9%	5.1%	3.1%
Global listed property (hedged)	2.8%	-5.9%	-0.6%
Cash	0.3%	2.9%	1.2%
Australian fixed income	-2.0%	1.2%	0.5%
International fixed income	-0.2%	-1.2%	0.2%

Source: FactSet, Lonsec & Insignia Financial, 30 June 2023

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 30/06 %	1 month change %	1 year change %
USD/AUD	0.6657	2.9%	-3.2%
Euro/AUD	0.6101	0.5%	-7.2%
Yen/AUD	96.21	6.4%	3.0%

Source: FactSet & Insignia Financial, 30 June 2023

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

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