

# View from the Investment Team

October 2025 Market Commentary

There was lots of news for investors to digest during October. In Japan Sanae Takaichi was elected the new president of the ruling Liberal Democratic Party making her Japan's first female Prime Minister. Early in October a peace deal between Hamas and Israel was signed following extensive mediation involving the United States, Qatar, Turkey and Egypt. The partial shutdown of the US government continued throughout October with Republican and Democratic politicians failing to find a path forward to resolve a budget dispute.

The US Federal Reserve again cut its benchmark Fed Funds rate by 0.25% to a range of 3.75% to 4.00% in October following a cut at its September meeting. Despite a lack of government economic data due to the ongoing shutdown of parts of the US government the US Federal Reserve decided to cut the Fed Funds rate. It is noteworthy that the vote by the Federal Open Market Committee (FOMC) was 10-2 in favour of lowering the benchmark rate with one dissenter, Fed Governor Stephen Miran, calling for a 0.50% cut whilst the other dissenter Kansas City President Jeffrey Schmid preferred to keep rates unchanged. US Federal Reserve Chairman Jerome Powell said that a December rate cut is "not a foregone conclusion" at his press conference following the October FOMC meeting.

Australian large cap equities gained a modest 0.23% for the month led by Materials (+4.33%), Energy (+3.67%) and Financials (+1.48%). On the other hand, Information Technology (-8.37%), Consumer Discretionary (-6.82%) and Health Care (-4.83%) posted declines for the month. Australian Small Companies again outperformed large cap companies in October gaining 1.89%.

Currency hedged global equities gained 2.63% in October as the Australian dollar fell 1.03% versus the US dollar. At month's end the Australian dollar closed at US\$0.6545. Unhedged global equities gained 3.32% for the month. US Equities gained 3.61% in Australian dollars for the month. Towards the end of the month Nvidia became the first publicly traded company in history to attain a US\$5 trillion market capitalisation.

A more guarded outlook for cuts to the Fed Funds rate by US Federal Reserve Chairman, Jerome Powell, impacted interest rate sensitive asset classes such as GREITs and global listed infrastructure. Despite an overall positive tone for growth assets both GREITs (-0.79%) and global infrastructure (-0.89%) posted falls in October.

Bond yields in the US moved lower during the month with the US 10-year bond yield falling 7 bps to 4.08% and the US 2-year bond yield falling 4 bps to 3.57% after the US Federal Reserve reduced the Fed Funds rate by 0.25%. In Australia the 10-year bond yield was unchanged at 4.30% whilst the Australian 2-year bond yield gained 7 bps to 3.56% as the possibility of immediate cuts to the RBA cash rate dissipated with stronger than expected inflation data during the month. The US dollar denominated price of gold gained 3.73% in October to finish at US\$4,003 per ounce.

## Benchmark Returns

Period Ended: 31 October 2025	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% (pa)	% (pa)	% (pa)
<b>Australian Shares</b>							
Large Caps	0.23	1.59	9.80	11.48	12.85	12.94	9.79
Broad Caps	0.42	2.92	11.41	12.68	12.98	12.55	9.68
Small Caps	1.89	14.27	25.32	22.82	13.86	9.58	9.07
<b>International Shares</b>							
World ex-Australia in AUD Hedged (Net)	2.63	8.16	21.37	21.07	19.97	15.14	11.50
World ex-Australia in AUD unhedged (Net)	3.32	6.34	18.35	22.32	20.90	17.30	12.82
<b>Australian Cash and Bonds</b>							
Bank Bill Index	0.30	0.91	1.89	4.11	4.07	2.58	2.09
Australian Bond Index	0.36	0.80	1.68	6.47	4.05	-0.21	2.13
<b>International Bonds</b>							
International Bond Index in AUD Hedged	0.75	1.93	2.33	4.78	4.35	-0.42	1.97
<b>Global Listed Infrastructures</b>							
Global Listed Infrastructure in AUD Hedged	-0.89	2.53	5.51	7.83	8.25	7.83	7.87
<b>Property</b>							
A-REIT – Accumulation	0.58	1.83	12.45	7.40	16.36	12.12	8.23
G-REIT - in AUD Hedged	-0.79	3.71	6.54	2.68	6.15	5.76	2.84

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