

View from the Investment Team

September 2025 Market Update

Early in September US President Donald Trump signed an executive order that directs the Department of Defense to be known as the Department of War. Later in the month a dispute between Republican and Democratic politicians resulted in a failure to agree a path forward to resolve a budget dispute. A partial shutdown of the US government ensued with some US government services suspended with approximately 40% of the federal workforce, around 750,000 people, expected to be put on unpaid leave until the dispute is resolved.

The US Federal Reserve cut its benchmark Fed Funds rate by 0.25% to a range of 4.00% to 4.25%. The decision was driven by a stagnating jobs market. The US Federal Reserve's Statement of Economic Projections indicated there is a possibility of two more cuts to the Fed Funds rate before year's end. The central banks of Japan, Australia, England and Europe all maintained official interest rates in September whilst the Bank of Canada cut the overnight rate by 0.25% to 4.25%.

Australian large cap equities fell 1.16% for the month led by Energy (-9.79%), Consumer Staples (-4.43%) and Health Care (-4.15%). On the other hand, Materials (+6.07%) and Utilities (+0.70%) posted gains for the month. Australian Small Companies again outperformed large cap companies in September gaining 3.44%.

Currency hedged global equities gained 3.28% in September as the Australian dollar gained 1.12% versus the US dollar. At month's end the Australian dollar closed at US\$0.6613. Unhedged global equities gained 1.99% for the month. US Equities gained 2.36% in Australian dollars for the month.

Bond yields in the US moved lower during the month with the US 10 year bond yield falling 8 bps to 4.15% and the US 2 year bond yield falling 1 bps to 3.61% after the US Federal Reserve reduced the Fed Funds rate by 0.25% and indicated further rate cuts are expected over the next 12 months. In Australia the 10 year bond yield gained 2 bps to 4.30% and the Australian 2 year bond yield gained 15 bps to 3.49%. The US dollar denominated price of gold gained 11.92% in September to finish at US\$3,859 per ounce.

BENCHMARK RETURNS

Period Ended: 30 September 2025	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% (pa)	% (pa)	% (pa)
Australian Shares							
Large Caps	-1.16	3.78	13.73	9.51	14.95	13.36	10.21
Broad Caps	-0.65	4.99	14.94	10.76	15.03	12.88	10.11
Small Caps	3.44	15.31	25.25	21.50	15.54	9.27	9.62
International Shares							
World ex-Australia in AUD Hedged (Net)	3.28	7.56	17.73	16.87	21.73	13.80	12.07
World ex-Australia in AUD unhedged (Net)	1.99	6.14	12.44	23.03	22.63	16.27	13.14
Australian Cash and Bonds							
Bank Bill Index	0.29	0.92	1.94	4.19	4.05	2.53	2.08
Australian Bond Index	0.10	0.40	3.04	4.09	4.25	-0.23	2.12
International Bonds							
International Bond Index in AUD Hedged	0.68	1.02	2.53	2.44	3.96	-0.57	1.94
Global Listed Infrastructure							
Global Listed Infrastructure in AUD Hedged	2.63	4.89	5.62	7.80	9.66	7.84	8.42
Property							
A-REIT – Accumulation	-3.10	4.56	18.90	4.10	19.85	11.91	8.69
G-REIT - in AUD Hedged	0.88	4.31	7.00	-0.37	7.51	5.20	3.49

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