Market Watch

September: Australian Shares Retreat

Global markets produced mixed results in September, with Australian shares edging lower while global and emerging market equities extended their strong year-to-date performance. Bond markets were steady, and real assets delivered a split performance as infrastructure outperformed listed property.

Australian large-cap equities gave back some of their recent gains over September, with the Index returning -0.8% for the month, reflecting a pause after a strong winter rally, Australian smaller companies stood out with Index returning +3.4%, and more than 15% for the quarter, marking a decisive shift in leadership toward domestic growth and cyclical names.

International equities delivered mixed results. Large-cap stocks rose +2.0%, reflecting both resilient corporate earnings. In contrast, emerging market equities bounced back, with the MSCI Emerging Markets Index up +5.8%, buoyed by signs of policy support in China and improving investor sentiment across Asia.

Listed real assets delivered a more uneven picture. Global property returned -0.4% in September in unhedged terms. The FTSE EPRA/NAREIT Developed (AUD Hedged) Index posting a more modest +0.9%. Listed infrastructure was supported by expectations of a more accommodative interest rate environment, with the FTSE Developed Core Infrastructure 50/50 Index (AUD Hedged) returned +2.0% return.

Bond markets delivered positive returns over August. The Australian bond market inched higher +0.1%. Global bonds posted similar modest gains, with the Bloomberg Global Aggregate Index (hedged) up 0.7% for the month, helped by solid returns from corporate and emerging market debt. The Australian dollar remained stable against the US dollar, ending the month at USD 0.66 cents.

Economics:

U.S.

- The annual unemployment rate held steady 4.3%. Employment continued to trend up in health care, while jobs in Federal Government have continued to decline.
- In August, the U.S. economy added just 22,000 non-farm payroll jobs. This was well below markets expectations, which were looking for 75,000 non-farm payroll jobs added. The Labor force participation remained stable at to 62.3%.

Locally

- Inflation in Australia ticked up slightly in August. The annual CPI rose to 3.0%, marking the highest rate since July 2024. The uptick was largely drive by increased spending on housing, food and non-alcoholic beverages and Alcohol and Tobacco. The trimmed mean inflation which excludes the most volatile items was much better, it decreased slightly to 2.6% from 2.7% the month prior.
- In August 2025, Australia's seasonally adjusted unemployment rate remaining steady at 4.2%. Total employment declined by 5,400, reflecting a modest contraction in the number of people employed across the economy. The seasonally adjusted labour force participation rate also eased slightly, falling to 66.8%, suggesting a minor withdrawal of individuals from the active workforce.

Major Asset Class Performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	-0.8	10.6	15.2	13.0
Australian Small Companies	3.4	21.5	15.5	9.3
Global Shares (unhedged)	2.0	23.0	22.6	16.3
Global Shares (hedged)	3.3	16.9	21.7	13.8
Global Small Companies (unhedged)	0.7	18.9	16.2	13.0
Global Emerging Markets (unhedged)	5.8	22.8	17.0	8.7
Global Listed Property (hedged)	0.9	-0.4	7.5	5.2
Listed Infrastructure (hedged)	2.0	6.8	9.3	7.7
Australian Fixed Income	0.1	4.1	4.3	-0.2
International Fixed Income	0.7	2.4	4.0	-0.6
Cash	0.3	4.2	4.1	2.5

Source: Lonsec iRate, Rhombus Advisory, 30 September 2025.

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; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) 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 30/09	1 month change %	1 year change %	3 year change %
AUD/USD	0.66	1.1	-4.3	1.1
AUD/GBP	0.49	1.7	-4.8	-5.0
AUD/Euro	0.56	0.7	-9.2	-4.8
AUD/Yen	97.83	1.7	-1.5	1.8

Source: Lonsec iRate, Rhombus Advisory, 30 September 2025.
All foreign exchange rates are rounded to two decimal places where appropriate.

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