

Market Watch

October: US Government Shutdown

October was a constructive month for risk assets, as global equities extended their strong run while fixed income markets consolidated recent gains. Investor sentiment improved amid signs of steady economic activity and resilient corporate earnings. Market volatility remained contained, in spite the US Government shutdown as investors focused on broader economic fundamentals.

Australian large-cap shares posted a modest return over October, with the Index returning +0.4% for the month. Performance was again led by smaller companies, with the S&P/ASX Small Ordinaries Index rising +1.9% for the month and a striking +14.3% over the quarter, as risk appetite and capital flows favoured cyclical exposures.

International share markets were strong, with large-cap stocks up +2.6% over the month. Over 12 months International shares are up more than +21%, underscoring the resilience of corporate earnings in the face of slower economic growth. Emerging markets also performed strongly, increasing +5.5% for the month and almost +28% year-on-year, as China and broader Asian markets showed tentative signs of stabilisation.

Real asset performance was mixed in October. Global listed property dropped -0.8% (hedged), reflecting higher bond yields and concerns over commercial property valuations. In contrast, listed infrastructure held up better, down just -0.2% for the month and still up more than +9% over 12 months, supported by stable earnings and inflation-linked cash flows.

Bond markets were subdued but positive in October, supported by steady investor demand and a modest easing in long-term yields. The Bloomberg AusBond Composite Index gained +0.36%, bringing its annual return to +6.5%. Global bonds also advanced, with the Bloomberg Global Aggregate Index (hedged) up +0.75%, extending quarterly gains as credit spreads narrowed and market conditions remained stable. The Australian dollar dropped slightly against the US dollar over the month, however is still positive over the last 3 months, the exchange rate of AUD to USD ended the month at 0.6540.

Economics:

U.S.

- Official U.S. labour force data remains unavailable due to the ongoing government shutdown. However, private market estimates indicate that the U.S. labour market likely added approximately 42,000 jobs in October, reflecting a slowdown in employment growth.
- The Chicago Fed estimates that the unemployment rate likely remained steady, ranging between 4.3% and 4.4%.

Locally

- Inflation in Australia edged higher in September, with the annual CPI rising to 3.2%, the highest level since July 2024. The increase was primarily driven by higher prices for housing, recreational and culture and transport. The trimmed mean inflation, which excludes the most volatile items, also increased to 3.0%, up from 2.7% in August. This marks the first time the trimmed mean annual inflation has increased since December 2022.
- In September 2025, Australia's seasonally adjusted unemployment rate remained unchanged at 4.3%. Total employment increased modestly by 19,900, indicating a slight improvement in labour market conditions. The

seasonally adjusted labour force participation rate increased to 67.0%, suggesting an improvement in workforce engagement.

Major Asset Class Performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	0.4	12.5	13.1	12.6
Australian Small Companies	1.9	22.8	13.9	9.6
Global Shares (unhedged)	3.3	22.3	20.9	17.3
Global Shares (hedged)	2.6	21.1	20.0	15.1
Global Small Companies (unhedged)	1.4	17.0	13.6	12.8
Global Emerging Markets (unhedged)	5.5	28.0	20.2	9.0
Global Listed Property (hedged)	-0.8	2.7	6.2	5.8
Listed Infrastructure (hedged)	-0.2	7.9	8.1	7.8
Australian Fixed Income	0.4	6.5	4.1	-0.2
International Fixed Income	0.8	4.8	4.4	-0.4
Cash	0.3	4.1	4.1	2.6

Source: Lonsec iRate, Rhombus Advisory, 31 October 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 31/10	1 month change %	1 year change %	3 year change %
AUD/USD	0.65	-1.0	-0.6	0.8
AUD/GBP	0.50	1.2	-2.5	-3.8
AUD/Euro	0.57	0.7	-6.2	-4.3
AUD/Yen	100.77	3.0	0.7	1.9

Source: Lonsec iRate, Rhombus Advisory, 31 October 2025.

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

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