

Hitting the brakes

- Share markets in the US closed flat for August after a choppy month on the back of US political uncertainty, riots in Charlottesville and tensions in North Korea. The devastation of Hurricane Harvey also contributed to what has been the most volatile month in the S&P500 this year.
- US jobs data disappointed, with 156,000 jobs added against expectations of around 180,000. Also, previous job estimate numbers for June and July were reduced. Unemployment raised slightly to 4.4%, also a surprise. Despite this, we still expect strong US Q3 growth as jobs keep being added, the weaker US dollar strengthens exports and the Fed is now less likely to raise rates this calendar year due to subdued inflation.
- US Corporate Bond yields were up sharply over the month, though Government Bond yields were down on North Korea fears, and nervous investors turning from equities to bonds.
- The USD continued to fall against other major currencies, hitting a record low against the euro during the month. The AUD was still buying almost 0.8 USD by month-end due to doubts over the Trump administration's ability to pass legislation due to ongoing major staff changes.
- The local market took a hit from a money laundering case against a major bank. Despite this, there was sustained strength in labour market data, and improved business conditions.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	0.8	9.5	10.4
Global Shares (hedged)	0.2	17.1	15.0
Global Shares (unhedged)	0.8	10.1	17.4
Global Emerging Markets (unhedged)	2.9	18.0	11.0
Global Small Companies (unhedged)	0.5	10.9	19.2
Global Listed Property	-0.1	-1.3	10.5
Cash	0.1	1.8	2.5
Australian Fixed Income	0.0	-0.7	4.2
International Fixed Income	1.0	1.0	5.3

Source: JP Morgan & ANZ Wealth, 31 August 2017.
 Indices: Australian Shares - S&P / ASX300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia, Global Emerging Markets - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg Composite Bond All Maturities, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).

Please note: Past performance is not indicative of future performance.

Currency

Exchange rates	At close on 31/8	% change 1 month	% change 12 months
AUD/USD	0.79	-0.7	5.7
AUD/euro	0.67	-1.3	-1.0
AUD/yen	87.4	-1.0	12.4
Trade weighted index	66.3	-1.5	4.9

Source: Bloomberg & ANZ Wealth, 31 August 2017. All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

Disclaimer: This information is current as at 7 September 2017 but is subject to change. This information is issued by OnePath Funds Management Limited (OFM) ABN 21 003 002 800 AFSL 238342. OFM is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522 but is not a bank. The information is general in nature and does not take into account a potential investor's personal needs, objectives and financial circumstances. This information is not to be construed as investment or financial product advice, and should not be relied upon as a substitute for professional advice. Before acting on this information, potential investors should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Potential investors should read the relevant Product Disclosure Statement (PDS) available at onepath.com.au and consider whether the particular product is right for them. Although all the information in this document is obtained in good faith from sources believed to be reliable no representation of warranty, express or implied is made as to its accuracy or completeness. Whilst care has been taken in preparing this material, ANZ and its related entities do not warrant or represent that the information, opinions or conclusions contained in this document ("information") are accurate. To the extent permitted by law, ANZ and its related entities do not accept any liability from the use of the information. Past performance is not indicative of future performance. The value of investments may rise or fall and the repayment of subscribed capital is not guaranteed.