

A more upbeat month for shares

- Share market performance was boosted in July as trade tensions eased. Global shares returned 3.2% and 2.5% in hedged and unhedged terms respectively.
- In the US the economic fundamentals remained supportive of markets with quarter two GDP at 4.1%. Good economic news saw the 10-year US Treasury yield lift to 3%.
- While US inflation is at a six and half year high of 2.9%, the US Federal Reserve (Fed) is still likely to continue steadily raising rates.
- Australian shares performed well in the month, particularly the telecommunications sector, returning 1.3%.
- In Europe, the pressure of higher oil prices and trade tensions lessened, supporting returns. The European Central Bank reaffirmed intentions to end quantitative easing but hold interest rates at current levels until at least the middle of 2019.
- In the UK, the equity market remained nervous with the Brexit deadline looming.
- China economic data was a little less positive in the month, impacted by adverse weather and lingering trade-war talk.
- In Australia, the economic data was strong with jobs data showing 50,900 new jobs posted and unemployment at 5.4%. It still seems unlikely that the Reserve Bank of Australia is more likely to raise rates, but the first increase is still some way off.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	1.3	14.7	9.2
Global Shares (hedged)	3.2	13.4	12.5
Global Shares (unhedged)	2.5	20.3	13.8
Global Emerging Markets (unhedged)	1.6	12.1	9.3
Global Small Companies (unhedged)	0.6	22.1	14.8
Global Listed Property	0.8	2.9	5.6
Cash	0.2	1.8	2.2
Australian Fixed Income	0.2	3.0	4.2
International Fixed Income	0.0	1.5	4.8

Source: JP Morgan & ANZ Wealth, 31 July 2018.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, 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 AusBond Composite 0+ Yr Index, 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 31/07	% change 1 month	% change 12 months
AUD/USD	0.74	0.0	-7.2
AUD/euro	0.64	0.2	-6.0
AUD/yen	83.0	1.2	-5.9
Trade weighted index	63.5	1.4	-5.7

Source: Bloomberg & ANZ Wealth, 31 July 2018. 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 31 July 2018 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. Financial Services Partners Pty Ltd ABN 15 089 512 587 AFSL 237590.