

MONTHLY MARKET UPDATE

October 2025

How different asset classes have fared:

(As of 31 October 2025)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash ¹		2.63	4.16	4.21	3.42	1.94	0.95	0.32
Australian Bonds ²	1.94	-0.39	3.89	6.31	4.61	1.61	0.75	0.34
International Bonds ³		-1.19	3.93	4.18	4.19	1.95	1.55	0.25
Australian Shares ⁴	9.85	12.55	13.22	12.53	12.00	11.79	3.09	0.49
Int. Shares Unhedged ⁵	12.90	17.37	20.94	22.42	13.46	18.35	6.38	3.34
Int. Shares Hedged ⁶	11.57	15.19	19.97	21.14	17.73	21.36	8.15	2.67
Emerging Markets Unhedged ⁷	8.06	8.37	19.54	27.80	25.47	24.47	11.25	5.38
Listed Infrastructure Unhedged ⁸	7.91	9.90	9.30	10.10	7.22	3.08	0.92	0.34
Australian Listed Property ⁹	8.46	12.11	15.96	7.64	11.68	12.44	1.94	0.59
Int. Listed Property Unhedged ¹⁰	3.96	8.26	6.09	1.83	1.14	3.20	1.75	-0.12
Gold Bullion Unhedged ¹¹	13.34	16.43	34.79	44.39	53.71	22.19	21.36	5.43
Oil Unhedged ¹²	-2.47	24.25	0.19	2.01	-2.98	14.61	-8.78	-1.17

1 iShares Core Cash ETF, 2 Vanguard Australian Fixed Interest Index, 3 Vanguard Global Aggregate Bd Hdg ETF, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD, 11 LBMA Gold Price AM USD, 12 S&P GSCI Crude Oil TR

Source: Centrepont Research Team, Morningstar Direct

Key Themes:

- **Australian and international equities rose:** International equities gained as excitement around AI continued, while Australian equities ended slightly higher on rising commodity prices.
- **Bond prices edged up:** Yields were volatile through the month as investors weighed potential interest-rate paths in the US and Australia.
- **Australian dollar depreciated:** The AUD weakened against the USD as investors moved to the safe-haven currency amid renewed US–China tariff concerns.
- **Oil fell, gold hit all-time highs:** Ongoing supply–demand mismatches weighed on oil prices, while gold benefited from geopolitical and economic uncertainty.

International Equities:

In October, international equities rose by 2.67% (hedged) and 3.34% (unhedged). Unhedged exposures outperformed as the US dollar strengthened against the Australian dollar over the month.

The US equity market continued to grow despite the ongoing government shutdown, now the longest on record. The shutdown has delayed the release of key economic data—such as weekly jobless claims and Q3 US GDP—potentially obscuring the true state of the economy.

The AI trade continued to pay off: the Technology sector outperformed, rising 5.76%, while the next best, Communication Services, gained only 2.35%. Half of all sectors declined; however, the market still advanced overall thanks to the strength of the “Magnificent Seven” and the high concentration in those stocks, which accounted for just over 37% of the S&P 500’s total market capitalisation for the first time in October.

Emerging markets were the biggest winners, with the MSCI Emerging Markets Index up 3.61%. This was partly driven by the AI boom, as Taiwan’s TSMC rose 13.21% and South Korean technology stocks climbed 35.33% on AI-related demand. South Korean equities more broadly also benefited from a US–South Korea trade agreement that will reduce tariffs between the two countries from 25% to 15%.

Australian Equities

In October, Australian equities were again a laggard, rising just 0.49%. A headwind was the September 2025 CPI print of 3.2% year on year—above expectations—which effectively ruled out a rate cut by the Reserve Bank of Australia at its early-November meeting.

The strongest sectors were Materials and Energy, up 5.07% and 4.12% respectively on rising commodity prices. Financials followed, gaining 1.37%, supported by strength in two of the four majors, CBA and ANZ.

The weakest sector was Technology, down 8.61%, driven by a 23.89% decline in WiseTech Global after the Australian Federal Police and ASIC executed searches as part of an insider-trading investigation.

Domestic and International Fixed Income

International bonds rose a modest 0.25% in October. US yields drifted lower for most of the month as the government shutdown boosted demand for low-risk assets. That reversed late in the month after Federal Reserve Chair Jerome Powell signalled no further rate cuts in 2025 following the second 0.25% cut of the year, prompting a slight uptick in yields and leaving them largely unchanged by month-end.

Australian bonds did a little better, up 0.34%, but yields followed a similar path to the US. They fell through most of the month, then retraced after the September 2025 CPI print came in above expectations. The 2-year yield rose over the month, while the 10-year edged lower—reflecting the market’s view that inflation remains elevated in the near term but is still trending down over the longer term.

Australian Dollar

The Australian dollar weakened against the USD by 0.85% in October. Most of the decline occurred early in the month after President Donald Trump announced 100% tariffs on China following its expansion of rare-earth mineral controls. The news drove investors toward safer assets, boosting demand for the USD. The dollar was also supported by a broader reassessment of the future interest-rate path in the US.

Commodities – Gold and Oil

The price of oil declined by 1.17% in October. In a similar pattern to recent months, the key concern was rising supply alongside softer demand. Oil would have finished even lower were it not for additional US sanctions on Russian oil companies, which lifted the price from about US\$61 to US\$65 per barrel.

Gold moved the other way, rising 5.43% in October. After hitting an all-time high of US\$4,357.80 mid-month, it then fell 8.10% to close at US\$4,004.40 as investors took profits and the USD firmed.

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