

# Investment report

## Market overview

As at 19 June 2025

### Off to a good start in April...

After a turbulent April sparked by US President Trump's "Liberation Day" tariff increases, optimism returned to markets in May following signs of moderation in some trade tensions. Equities rallied across all major markets in May, aided by an announcement that the United States (US) and China had agreed a major temporary trade truce, with the US reducing its tariffs on imports from China to 30% from 145% for 90 days, and China reducing its tariffs on US imports to 10% from 125%.

The prospect of lower tariffs compared with those announced on Liberation Day means the outlook for global growth is now a little brighter, though still gloomier than it had been before April's tariff announcements. In addition, 'soft' sentiment-based economic data such as business and consumer surveys have shown some improvement from the sharp declines following Liberation Day, while 'hard' data – measuring actual activity – are yet to show any significant deterioration (though it may still be too early for tariffs to have a material impact).

### Impact of the "One Big Beautiful Bill"

Equity markets in the US may also have taken some positivity as the lower house of the US Congress passed President Trump's "One Big Beautiful Bill", a bill extending Trump's 2017 tax cuts and introducing some more, alongside some areas of expenditure cuts. The bill still needs to be passed through the US Senate, which will be a major obstacle, but if passed, it would provide some support to the US growth outlook going forward.

On the other hand, according to the US Government's independent Congressional Budget Office (CBO), the bill would add to the US budget's already stretched fiscal outlook. With the US federal deficit already around 6% of GDP and the potential bill likely to add to that (early CBO estimates suggest it could add US\$2.4 trillion to deficits over the next decade), there are some concerns over the trajectory of deficits and amount of bonds the US government will need to issue to fund them.

Those concerns were shared by the credit rating agency Moody's, which downgraded the US sovereign credit rating from Aaa to Aa1 in May, noting that "The US' fiscal performance is likely to deteriorate relative to its own past and compared to other highly rated sovereigns". Unsurprisingly, the prices of US government bonds declined in May as their yields rose (bond yields move inversely to prices), underperforming most other major markets, though some of this may have also reflected the slightly improved growth outlook.

### How were things in Australia?

In Australia, the Reserve Bank of Australia (RBA) cut rates for the second time this cycle, with further moderation in inflation and signs of weakness in the consumer recovery adding to the global uncertainty and paving the way for easing.

Since then, the release of gross domestic product (GDP) data showing soft growth in the March quarter adds to concerns that Australia's economic recovery may be losing momentum, raising the likelihood of further RBA rate cuts in the coming months.

## Monthly performance

Accumulation Options – investment performance as at 31/05/2025

	High Growth	Growth Plus	Growth (MySuper) - Default	Conservative Growth	Conservative	Cash	Australian Shares	Diversified Fixed Interest	Overseas Shares	Indexed Diversified	Property
<b>1 month</b>	3.61%	3.21%	2.73%	1.91%	1.08%	0.32%	4.40%	0.34%	4.93%	3.36%	1.03%
<b>FYTD</b>	9.75%	9.09%	8.50%	7.01%	5.51%	3.80%	9.67%	5.15%	15.21%	9.67%	4.78%
<b>1 year</b>	10.70%	9.83%	9.15%	7.49%	5.91%	4.15%	10.50%	5.83%	16.24%	10.87%	3.17%
<b>3 years p.a.</b>	9.48%	8.43%	7.57%	6.03%	4.58%	3.58%	8.85%	3.31%	15.22%	8.94%	-0.40%

*Returns are based on the crediting rate, which is returns minus investment fees, taxes and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance.*