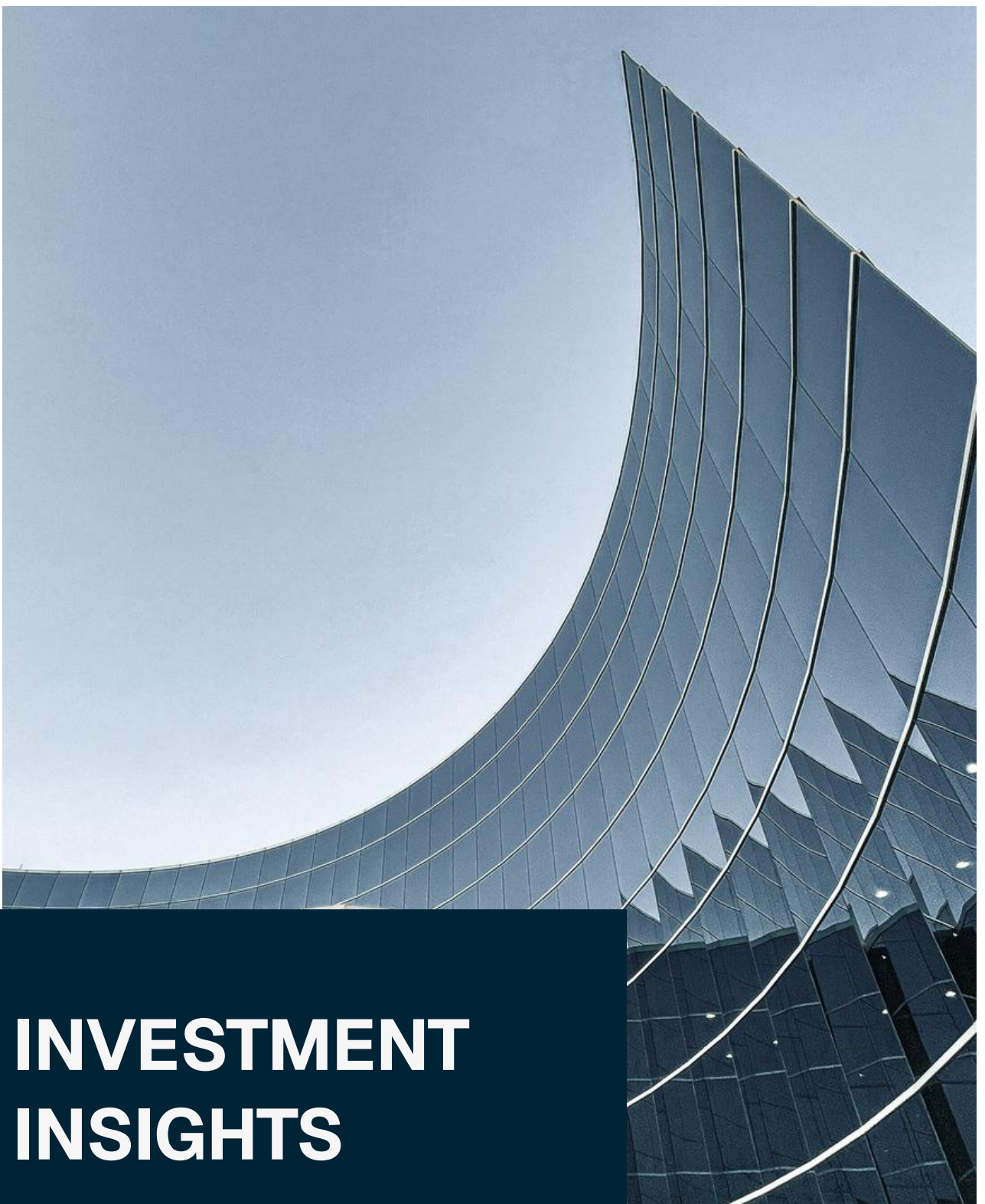




INVESTMENT INSIGHTS

Mackay Private Wealth

AUGUST 2025

OVERVIEW

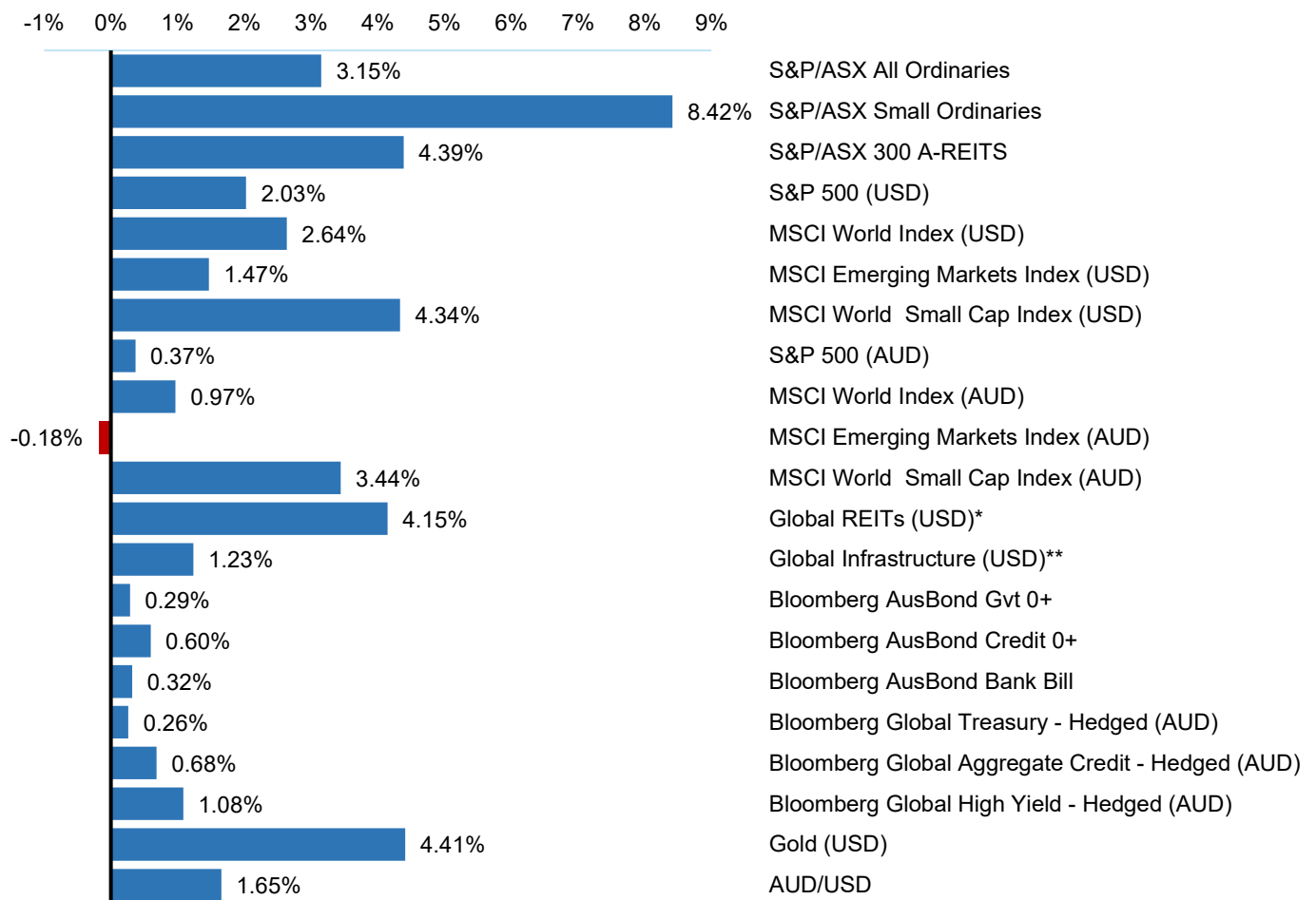
AUGUST 2025

MARKET BREADTH IMPROVED, WITH REITS AND SMALL CAPS OUTPERFORMING.

Global and domestic equity markets delivered solid gains in August, supported by resilient corporate earnings and rising expectations of further interest rate cuts. Commodity performance was mixed, with iron ore and gold advancing while oil declined. Market breadth improved, with REITs (Listed Property) and Small Caps outperforming.

In fixed income, US bond yields fell as markets brought forward expectations for rate cuts. However, investors remained cautious, awaiting clearer economic signals before pricing in additional policy adjustments.

Market Returns (%), August 2025



KEY MARKET DEVELOPMENTS

AUGUST 2025

Global Equities

Global equities rose in August: MSCI World (USD) +2.6%, supported by improved sentiment on prospective rate cuts and solid earnings.

Australian Equities

The ASX 200 gained +3.2% (YTD 12.3%) as reporting season drove broad gains; Materials +9%, Consumer Discretionary +7% and Utilities +5% led, while Healthcare -13% and IT -2% lagged. Earnings generally beat expectations, with margins rather than revenues doing the work. Smaller Companies outperformed Large.

Bond Markets

US 10-year fell to 4.22% (-13 bps); Australia's 10-year edged up to 4.29% (+2 bps) following the RBA's widely expected rate cut.

Commodities

Gold extended gains, up +4.4% on strong investor demand; iron ore rose +3.6% on China's \$250B dam plans; lithium rebounded after CATL's mine suspension; WTI crude slumped +8.5% as OPEC+ signaled higher supply.

Monetary Policy

RBA cut rates by -0.25% to 3.60%, signaling confidence in easing inflation and focus on jobs; one more cut is expected in 2025.

In the US, softer labor data boosts odds of a September Fed cut, but inflation risks and trade uncertainty cloud the outlook.



WHAT'S CAUGHT OUR EYE

AUGUST 2025

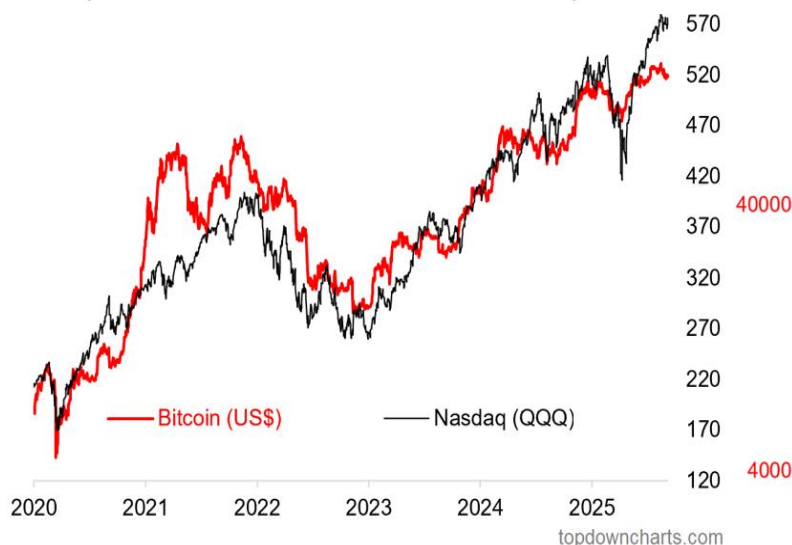
Bitcoin and Tech Stocks: A Growing Correlation

Once viewed as a portfolio diversifier, Bitcoin is increasingly moving in step with the NASDAQ 100, reflecting a shift in investor behaviour.

Since 2020, both assets have been influenced by liquidity and risk sentiment, rising when financial conditions ease and retreating when they tighten.

Institutional adoption and the launch of spot Bitcoin ETFs have further strengthened the connection between crypto and equity markets.

Speculative Mood: Bitcoin & Nasdaq



Mixed Results, Clear Trends

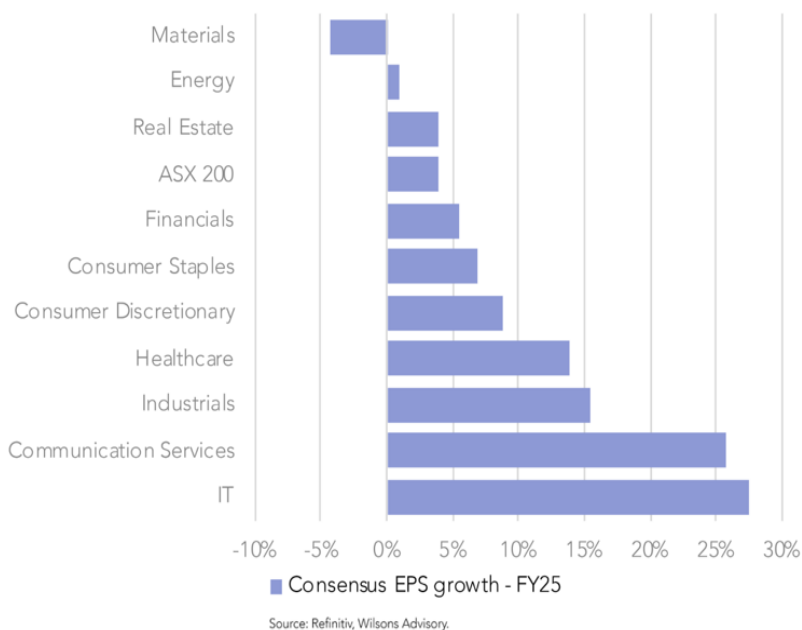
The reporting season delivered mixed results, with the number of 'beats' broadly in line with 'misses' across the ASX200.

Beneath the surface, smaller companies benefited as investors priced in easier conditions and falling capital costs, while larger firms faced pressure for conservative guidance (macro uncertainty).

Since late June, resources and small caps have outperformed on improving macro trends, China stimulus hopes and rate-cut expectations.

Meanwhile, IT, Communication Services and Healthcare continue to offer strong structural growth potential.

ASX200 Sector Growth FY 2025



MAJOR MARKETS

PERIODIC DATA

Major market indicators

	31-Jul-25	30-Jun-25	31-May-25	Qtr change	1 year change
Interest Rates (at close of period)					
Aus 90 day Bank Bills	3.61%	3.68%	3.69%	-17.0	-77.0
Aus 10yr Bond	4.29%	4.27%	4.17%	+0.8	+31.3
US 90 day T Bill	4.05%	4.24%	4.24%	-20.0	-93.0
US 10 yr Bond	4.22%	4.36%	4.23%	-16.4	+30.4
Currency (against the AUD)					
US Dollar	0.655	0.644	0.655	1.70%	-3.54%
British Pound	0.484	0.488	0.477	1.42%	-6.29%
Euro	0.560	0.566	0.559	-1.20%	-8.82%
Japanese Yen	96.20	96.85	94.73	3.77%	-2.76%
Trade-Weighted Index	60.50	60.30	60.10	1.51%	-3.35%
Equity Markets					
Australian All Ordinaries	3.2%	2.6%	1.4%	7.3%	14.9%
MSCI Australia Value (AUD)	4.4%	2.9%	1.5%	9.0%	15.5%
MSCI Australia Growth (AUD)	-2.9%	1.0%	1.6%	-0.5%	8.6%
S&P 500 (USD)	2.0%	2.2%	5.1%	9.6%	15.9%
MSCI US Value (USD)	2.8%	0.5%	4.5%	7.9%	8.4%
MSCI US Growth (USD)	1.3%	3.9%	5.8%	11.3%	24.3%
MSCI World (USD)	2.6%	1.3%	4.3%	8.5%	16.2%
Nikkei (YEN)	4.1%	1.4%	6.8%	12.8%	12.7%
CSI 300 (CNY)	10.5%	4.3%	3.3%	19.1%	39.1%
FTSE 100 (GBP)	1.2%	4.3%	0.0%	5.6%	13.6%
DAX (EUR)	-0.7%	0.7%	-0.4%	-0.4%	26.4%
Euro 100 (EUR)	0.6%	1.0%	-0.5%	1.2%	9.7%
MSCI Emerging Markets (USD)	1.5%	2.0%	6.1%	9.9%	17.7%
Commodities					
Iron Ore (USD)	3.6%	6.5%	-2.1%	8.0%	0.5%
Crude Oil WTI U\$/BBL	-8.5%	6.1%	7.9%	4.7%	-13.6%
Gold Bullion \$/t oz	4.4%	0.4%	0.0%	4.8%	37.4%

Sources: Quilla, Refinitiv Datastream



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