

## Quarterly Market Snapshot: 4th Quarter (Apr to Jun 2019)

### Markets defy gravity

**Stock markets, particularly in the US, continue to go higher in what seems like a game of Jenga because economic growth and earnings expectations continue to weaken.**

#### Key points

- Our MySuper Balanced option returned 3.24% and our Balanced option for pensions returned 3.60% for the fourth quarter of FY 2018/2019.
- Whilst central banks lowering interest rates has and will likely continue to lead to good returns from growth assets, the outlook for the global economy continues to get worse.
- Financial markets have shrugged off concerns about global growth and trade tensions, but diversification remains important, so don't switch options based on past returns alone – talk to us first on **1300 130 780**.

### How the markets performed

Investment markets have continued to rally over the second quarter to not only recover from 2018 but reach new highs. The rise of Developed Market equities was set in motion when the US Federal Reserve Bank signalled rate cuts. This has resulted in markets experiencing the best first half performance in two decades. There has been a rare development with the continued strength of bond markets, as they tend to move in the opposite direction to equities. This reflects weakening global growth and fears that fundamentals will only get worse from here.

Australian markets were bolstered by the surprise Coalition victory in the May Federal election and the rate cut by the Reserve Bank in June. US/China trade tensions escalated with the US further raising tariffs in May, hurting Emerging Markets. Global macroeconomic indicators also weakened further this quarter.

### What this means for your LUCRF Super account

We continue to optimise our investment portfolio for our member's super and pension accounts.

For our MySuper Balanced option (that most members are invested in) and Pension Balanced option, we decreased exposure to Australian shares during the quarter as they appeared expensive. We also observed a visible decrease of business conditions in Australia. As risk increased during the quarter we also increased exposure to cash.

For members invested in Australian shares, changes within the sector were implemented this quarter which should enable the fund to capture stronger returns going forward.

We continue to remain vigilant for robust investment opportunities that will perform well and complement existing investments. We strive to maximise our members' account balances whilst not taking excessive risks.

## Looking ahead

It may be difficult for the market growth to continue. This rally of both bond and equity markets, while economic fundamentals deteriorate is unsustainable. Equity markets face several issues, including poor global growth forecasts, downward revisions of earnings forecasts, and US recession risk indicators ticking up. However, these factors are likely to support lower yields in bond markets going forward.

US/China trade relations continue to be unpredictable and look likely to be an ongoing issue that may 'flare up' for years to come. The impact of US tariffs continues to negatively affect the Chinese economy and has the knock-on effect of reducing growth across the globe. There is a risk of the US seeking to reduce trade surpluses more broadly, particularly in Europe, where it has published a list of potential tariffs.

## Latest returns

This table shows how your investment has performed for the quarter and financial year 2018/19. To discuss market conditions or your own financial situation, please call one of our financial advisers free of charge on **1300 130 780**.

### Super/TTR rates

Investment options	4th Quarter (1 Apr – 30 Jun 2019)	FYTD (1 Jul 2018 – 30 June 2019)
MySuper Balanced	3.24%	6.06%
High Growth	3.92%	7.37%
Targeted Return	2.36%	6.66%
Moderate	2.92%	6.35%
Conservative	2.28%	4.82%
Australian Shares	5.86%	7.18%
International Shares	4.28%	10.65%
Indexed Shares	6.32%	12.02%
Property	3.69%	17.17%
Cash	0.48%	1.98%

### Pension rates

Investment options	4th Quarter (1 Apr – 30 Jun 2019)	FYTD (1 Jul 2018 – 30 Jun 2019)
--------------------	--------------------------------------	------------------------------------

<b>Balanced</b>	3.60%	6.90%
<b>High Growth</b>	4.36%	8.32%
<b>Targeted Return</b>	2.70%	7.28%
<b>Moderate</b>	3.28%	7.27%
<b>Conservative</b>	2.57%	5.61%
<b>Australian Shares</b>	6.53%	8.38%
<b>International Shares</b>	4.62%	11.55%
<b>Indexed Shares</b>	6.79%	13.09%
<b>Property</b>	4.10%	19.17%
<b>Cash</b>	0.57%	2.34%

Past performance is not a reliable indicator of future investment returns.

Issued August 2019 by L.U.C.R.F Pty Ltd ABN 18 005 502 090 AFSL 258481 as Trustee for Labour Union Co-Operative Retirement Fund (LUCRF Super) ABN 26 382 680 883. It is general information only and has been prepared without taking into account your personal financial situation, objectives or needs. General information is not advice. You should assess your personal financial situation before making a decision about LUCRF Super. To help you decide we recommend you read our current Financial Services Guide (FSG) and Product Disclosure Statement (PDS), both available at [lucrf.com.au](http://lucrf.com.au) or by calling 1300 130 780.