

NGS Super

# Monthly Market Snapshot

April 2022

The **Monthly Market Snapshot** provides commentary on the global economy and performance of the financial markets.

# Monthly Market Snapshot

April 2022 key insights

## Fed-induced market jitters



Global equity markets were under severe downward pressure in April with high inflation, the prospect of aggressive monetary policy tightening and rising recession risk undermining risk appetite. The anticipation of a prolonged war in Ukraine, combined with the EU's plan to ban Russian oil in the short term, which is expected to be followed by a ban on gas, will have repercussions for energy prices and the inflation outlook.

Amid all of this, China is dealing with a Covid outbreak. As policymakers still adhere to their zero-Covid policy, Covid-related lockdowns are putting a lot of strain on already stretched supply chains. The 5.5% GDP growth target recently announced by Chinese authorities already appears under threat. The manufacturing and service sector PMI readings plunged in April, while retail sales growth in March slumped to -3.5%. The authorities are now looking to implement a range of policy stimulus measures to support Covid-impacted households and businesses, as well as an acceleration of the infrastructure spending program. In addition, the IMF downgraded its global growth projections to 3.6% in 2022 and 2023. This is 0.8% and 0.2% lower for 2022 and 2023 than projected in January. Downgrades are due to the humanitarian crisis and economic damage expected from the Ukraine war, which further delays the economic recovery from covid. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.

The MSCI World index declined 8.3%. Foreign currency provided some diversification, with the AUD cutting the loss in global equities to approximately

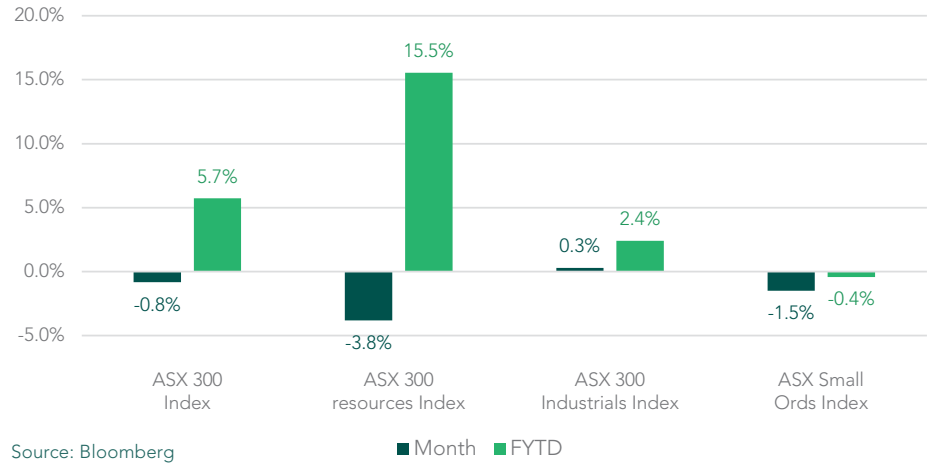
3% in AUD terms, as the AUD declined more than 5% for the month. Likewise, the MSCI Emerging Markets index declined 5.6% in USD terms in April. Global bond yields continued to surge in April as markets priced in a potentially more aggressive Fed against the background of 40-year high inflation rates. The US 10-year treasury yield rose to 2.93%, up from 2.32% a month earlier and 1.52% at the start of the year. Some Fed members had expressed the possibility of 75 basis point moves, front-loading policy tightening to quickly slow growth in order to avoid inflation expectations becoming unanchored and feeding into higher wage claims. The market implies that the Fed funds rate will reach 3.25% mid-2023 before moving lower.

Locally, the Australian equity market outperformed global markets in April, losing just 0.8%. Year to date, Australian equities have outperformed global hedged markets by more than 13%, buoyed by strong commodity prices and a strong bank sector, as well as their lower exposure to rising bond yields and their inflation-hedging characteristics. Annual CPI headline in Australia surpassed expectations by rising 5.1%. The core inflation measure showed a 3.7% annual increase, well above the RBA's target range. More than two-thirds of its components<sup>1</sup> have risen by more than 2.5%, with the largest increases recorded in housing, transport, education and food. The jump in inflation prompted markets to factor in an imminent lift in RBA's official cash rate in early May.

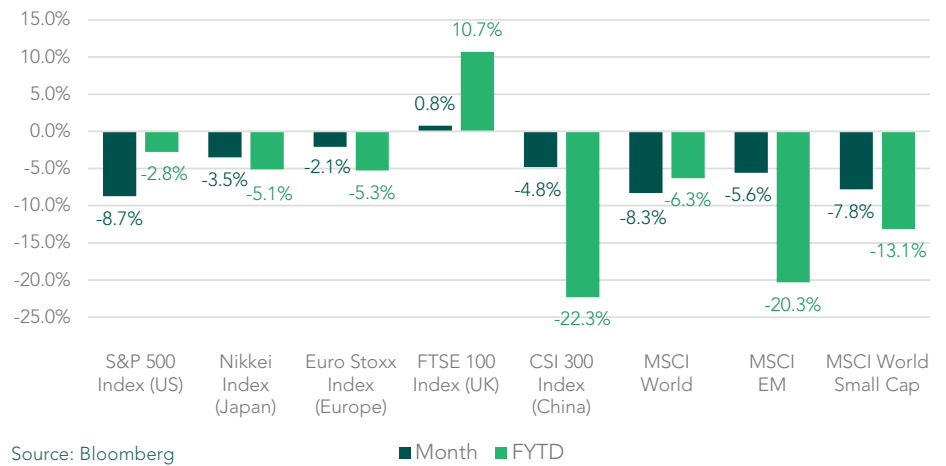
1. Inflation.

## April 2022

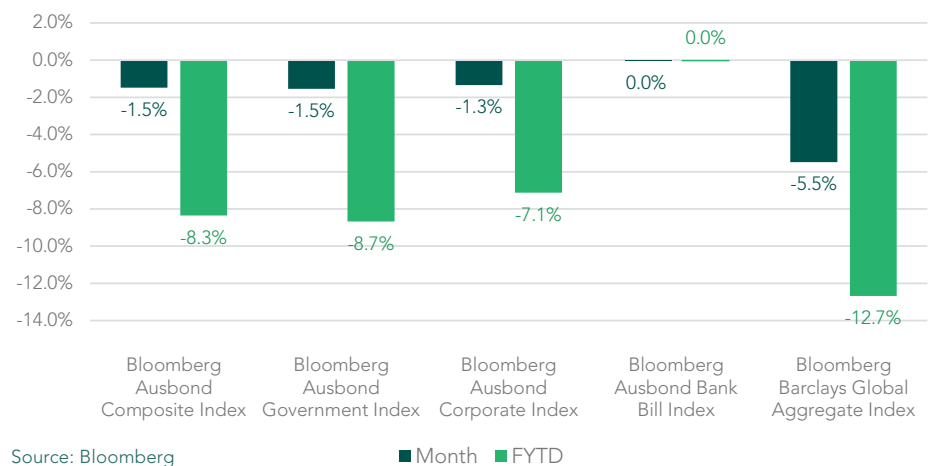
### Australian equities



### International equities (local currencies)

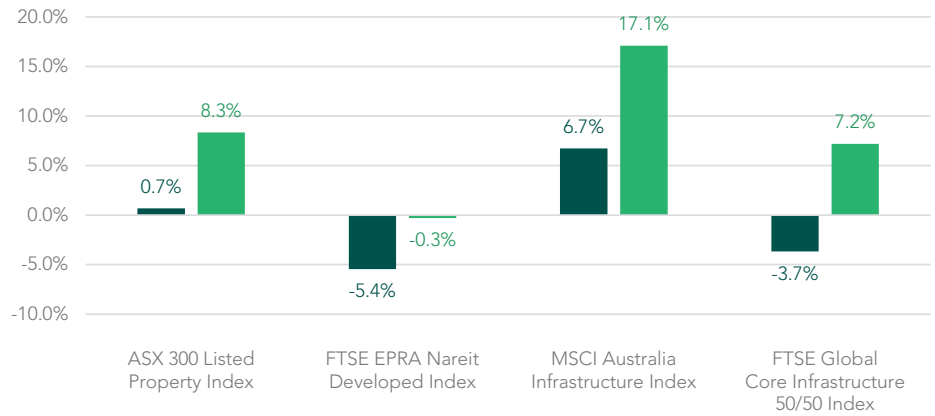


### Fixed income



## April 2022

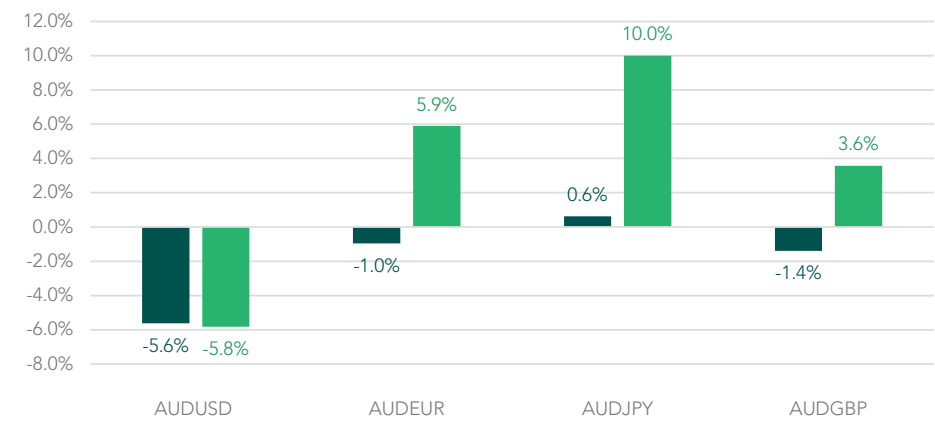
### Property and Infrastructure



Source: Bloomberg

■ Month ■ FYTD

### Australian dollar against major local currencies



Source: Bloomberg

■ Month ■ FYTD

# NGS SUPER INVESTMENT PERFORMANCE SUMMARY TO 30 APRIL 2022 SUPERANNUATION

## NGS Accumulation account and Transition to retirement account<sup>1</sup> returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified (MySuper)	7.95	7.03	6.17	4.10	0.82	-1.10	6.91	Oct 1999	8668.1
	High Growth	9.04	7.92	7.14	4.61	0.82	-1.27	6.43	Jul 2007	577.8
	Balanced	6.59	5.62	4.72	2.90	0.34	-0.86	5.39	Jul 2007	477.9
	Defensive	5.49	4.69	3.61	2.22	0.24	-0.70	5.74	Feb 2003	316.8
	Socially Responsible Diversified*	n/a	5.96	5.37	4.68	1.36	-1.41	6.77	Nov 2013	103.6
	Indexed Growth	8.31	7.09	6.44	5.50	1.45	-1.69	8.67	Sept 2011	126.0
	Shares Plus*	9.65	8.15	7.06	0.11	-3.82	-2.96	7.52	Oct 1999	304.0
SECTOR-SPECIFIC	Australian Shares	9.00	8.63	8.69	9.18	5.57	-0.94	9.56	Feb 2003	261.5
	International Shares	10.82	8.16	5.92	-6.96	-11.71	-4.73	7.78	Mar 2003	103.0
	Infrastructure	n/a	n/a	n/a	8.67	6.76	-0.17	6.52	May 2019	12.2
	Property	8.10	6.36	5.40	14.30	9.86	1.45	8.08	Sep 2002	83.6
	Diversified Bonds	2.69	1.77	0.93	-3.28	-3.58	-1.42	4.29	Oct 1999	46.0
	Cash and Term Deposits	1.94	1.21	0.74	0.19	0.15	0.03	3.46	Oct 1999	265.0

The above table shows the net return after investment fees, tax and the asset-based fee.

We recommend that you seek financial advice before making any changes to your investment strategy. In particular we recommend that you seek independent financial advice before making any short-term changes to your long-term investment strategy. Investment returns are not guaranteed as all investments carry some risk. Past performance is not a reliable indicator of future performance.

<sup>1</sup> If you are in a *Transition to retirement account*, your returns prior to 1 July 2017 were tax free and were reflected in the *Income account* returns.

\* These options have closed to new applicants and will terminate on 31 May 2022.

This information is provided by NGS Super Pty Limited ABN 46 003 491 487, AFSL No 233 154, the trustee of NGS Super ABN 73 549 180 515

# NGS SUPER INVESTMENT PERFORMANCE SUMMARY TO 30 APRIL 2022 INCOME ACCOUNT

Returns on income account (pension) investments are tax free. Income account investment returns will exceed equivalent (taxed) super investment returns in periods when investment earnings are positive. In periods when investment earnings are negative, super returns will exceed equivalent income account returns. A negative return (loss) means that less tax is payable on taxed super investments than has already been accrued, so there is a tax adjustment that can be credited back to accumulation members. There is no equivalent adjustment for income account members because income account returns are tax free.

## NGS Income account returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Moderate Growth*	8.11	6.89	5.77	2.97	-0.02	-1.43	7.48	Jan 2010	184.9
	Diversified	8.67	7.34	6.38	4.31	0.83	-1.25	7.15	Nov 2001	777.8
	High Growth	9.68	8.05	7.16	4.94	0.84	-1.41	6.75	Aug 2007	66.6
	Balanced	7.22	5.92	4.90	3.07	0.41	-0.99	5.87	Aug 2007	338.4
	Defensive	6.18	5.05	3.83	2.43	0.21	-0.83	5.90	Nov 2001	366.1
	Socially Responsible Diversified*	n/a	6.63	6.06	5.19	1.37	-1.59	7.53	Nov 2013	40.2
	Indexed Growth	8.99	7.45	6.63	4.61	1.44	-1.87	9.41	Sept 2011	78.0
	Retire Plus	n/a	n/a	6.44	7.18	3.59	-0.34	7.77	Aug 2017	92.5
	Shares Plus*	10.32	7.93	6.46	-1.02	-4.21	-3.26	8.53	Sept 2004	31.9
SECTOR-SPECIFIC	Australian Shares	9.11	7.85	7.54	9.82	6.03	-1.05	8.68	Sept 2004	61.2
	International Shares	11.65	8.40	5.75	-9.86	-12.69	-5.21	7.84	Sept 2004	35.0
	Infrastructure	n/a	n/a	n/a	9.26	7.41	-0.26	7.21	May 2019	5.4
	Property	9.04	7.48	6.40	17.00	11.23	1.61	8.93	Dec 2002	27.5
	Diversified Bonds	3.25	2.21	1.37	-3.06	-4.30	-1.67	4.52	May 2004	29.4
	Cash and Term Deposits	2.29	1.42	0.87	0.22	0.18	0.04	3.74	July 2004	109.6

The above table shows the net return after investment fees and the asset-based fee (no tax applies).

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### Further information

If you are thinking about making changes to your investments in NGS Super, consider obtaining professional advice to understand which investment option might be right for you.

We offer single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline
- through our **Customer Relationship Managers** who may be able to meet face-to-face.

Further, we offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** at [ngssuper.com.au/advice](https://ngssuper.com.au/advice)

### NGS financial planning service

NGS Super members are also entitled to a free initial consultation for general advice relating to your personal circumstances through our financial planning service.

### Important information

This is general information only — it does not take into account your objectives, financial situation or needs.

Please assess your own financial situation, read the **Product Disclosure Statement** for any product you may be thinking of acquiring and consider seeking professional advice before acting on this information. Past performance is not a reliable indicator of future performance.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

The Monthly Market Snapshot contains general information only and should not be regarded as financial, legal or other advice. If you require further information on any of the content please contact NGS Super or seek professional advice.

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