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FINANCIAL YEAR IN REVIEW JULY 2024 – JUNE 2025



Financial Year in Review: July 2024 – June 2025

The 2024–25 financial year was marked by rapidly shifting macroeconomic conditions, central bank pivots, political transitions, and significant volatility across asset classes. Despite multiple headwinds, most major markets delivered positive returns over the full year, though with clear regional and sectoral divergences.

Q3 2024: Monetary Policy Shifts and Market Rotation

The third quarter of 2024 began with cooling inflation in the US and Australia, raising hopes that central banks would soon begin easing monetary policy. US Federal Reserve Chair Jerome Powell's dovish comments contributed to a sharp rotation out of mega-cap technology stocks and into interest-rate-sensitive sectors, including consumer discretionary and financials. Bond yields declined globally, boosting fixed income returns.

However, volatility increased in August after Japan's Nikkei 225 fell over 20%, triggering global market turbulence. Weak US employment data raised recession concerns, though GDP revisions later signalled economic resilience. September was a pivotal month, with the Federal Reserve cutting interest rates by 50 basis points, shifting from inflation control to growth support. Meanwhile, China implemented monetary easing, sparking a 20% rally in the CSI 300 and driving up commodity prices, particularly iron ore—benefiting Australian equities.

All major asset classes posted gains in Q3, with standout performances from:

- Global property (+14.6%) and infrastructure (+11.8%)
- Australian equities (+7.8%) driven by commodity strength.
- Fixed income markets, supported by falling yields.

Q4 2024: Political Surprises and Market Divergence

The final quarter of 2024 was dominated by the US presidential election, with Donald Trump securing victory alongside a Republican “Red Sweep” in Congress. Equities surged on expectations of pro-growth, low-tax, and deregulation policies. The S&P 500 posted strong gains, particularly in communication services, tech, and consumer discretionary sectors.

In contrast, Eurozone equities declined amid recession fears, political instability, and trade war concerns following Trump's win. Materials, real estate, and consumer staples underperformed. UK equities also fell, pressured by rising bond yields and weakening domestic sentiment.

Japan's market rebounded, helped by yen weakness and improved earnings expectations. However, emerging markets struggled, especially China, which was weighed down by uncertainty surrounding the continuation of September's stimulus measures and concern over new US trade tariffs.

Fixed income markets experienced volatility. US Treasury yields rose in October on inflation concerns tied to the election outcome. Despite this, credit markets held up well, with high-yield spreads tightening globally due to strong investor demand.

Q1 2025: Tech Correction and European Leadership

In early 2025, US equity markets corrected sharply, particularly in the technology and consumer discretionary sectors. AI stocks came under pressure due to competition from China's DeepSeek, which offered more affordable alternatives. The imposition of trade tariffs added to investor anxiety, driving a rotation away from risk assets.

Small-cap stocks, particularly in the Russell 2000, experienced double-digit losses, while large-caps also declined. However, energy and healthcare sectors showed resilience, supported by steady demand.

In contrast, European equities outperformed, led by pro-growth fiscal policies in Germany and strength in the financial sector. UK large-cap stocks in healthcare and energy also outpaced smaller domestic firms, which were weighed down by fiscal tightening concerns. Emerging markets showed mixed results, with Poland and Greece performing well, while parts of Asia, including India, saw declines tied to trade and growth headwinds.

Bond yields diverged globally, reflecting differing growth expectations: European yields rose while US yields fell amid recession fears.

Q2 2025: Recovery Amid Trade Tensions

The final quarter of the financial year began with sharp selloffs following the surprise announcement of broad US tariffs ("Liberation Day"). However, markets rebounded strongly after a 90-day suspension of the tariffs reignited trade negotiations with China.

US equities rallied, with the S&P 500 surging 10.9%, driven by strong earnings and renewed investor interest in AI-related mega-cap stocks—the "Magnificent 7" led the rebound. Asian markets, particularly Taiwan and South Korea, outperformed due to robust AI-linked exports and a softer US dollar.

Emerging markets outpaced developed markets slightly, supported by a weak dollar and optimism around the US-China trade thaw. European equities posted modest gains in local terms, while currency strength lifted USD-based returns. UK equities lagged due to underperformance in energy and healthcare.

In fixed income, global credit markets rebounded from earlier weakness, while inflation-linked bonds outperformed on falling real yields. Currency markets were dominated by broad USD weakness, with the DXY falling 7.1%, further supporting global risk assets.

Commodities underperformed, with energy prices falling back despite brief spikes during Middle East tensions. Industrial and precious metals posted moderate gains.

Outlook and Key Themes

The financial year closed with markets on firmer footing but with ongoing geopolitical, fiscal, and policy uncertainty. The divergence between the US and Europe, the impact of AI-related disruptions, and the evolving global trade framework are expected to be key drivers moving forward. Investors are increasingly focused on portfolio diversification and risk management, with volatility expected to persist into the new financial year.

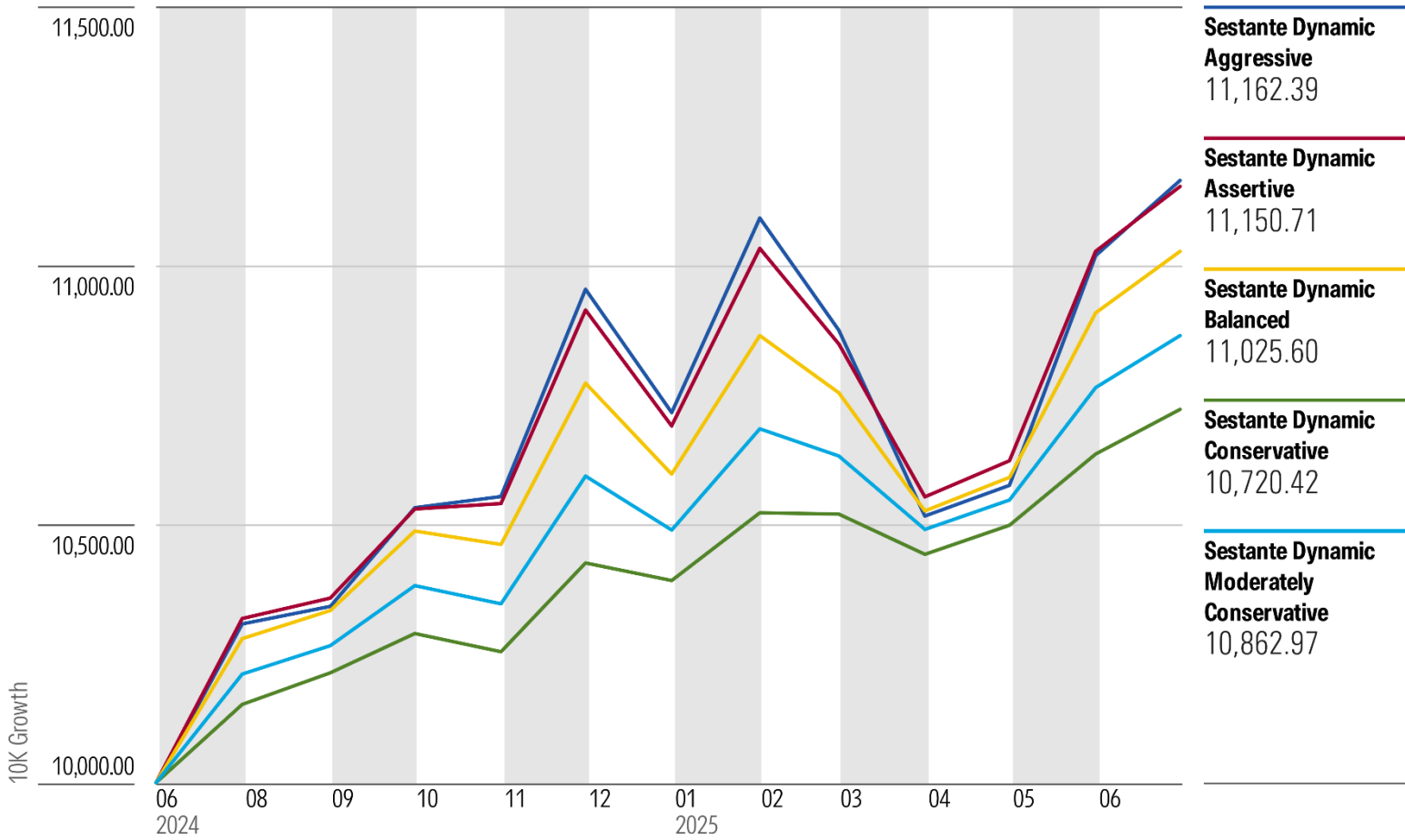
Appendix – Charts

Portfolios

Growth

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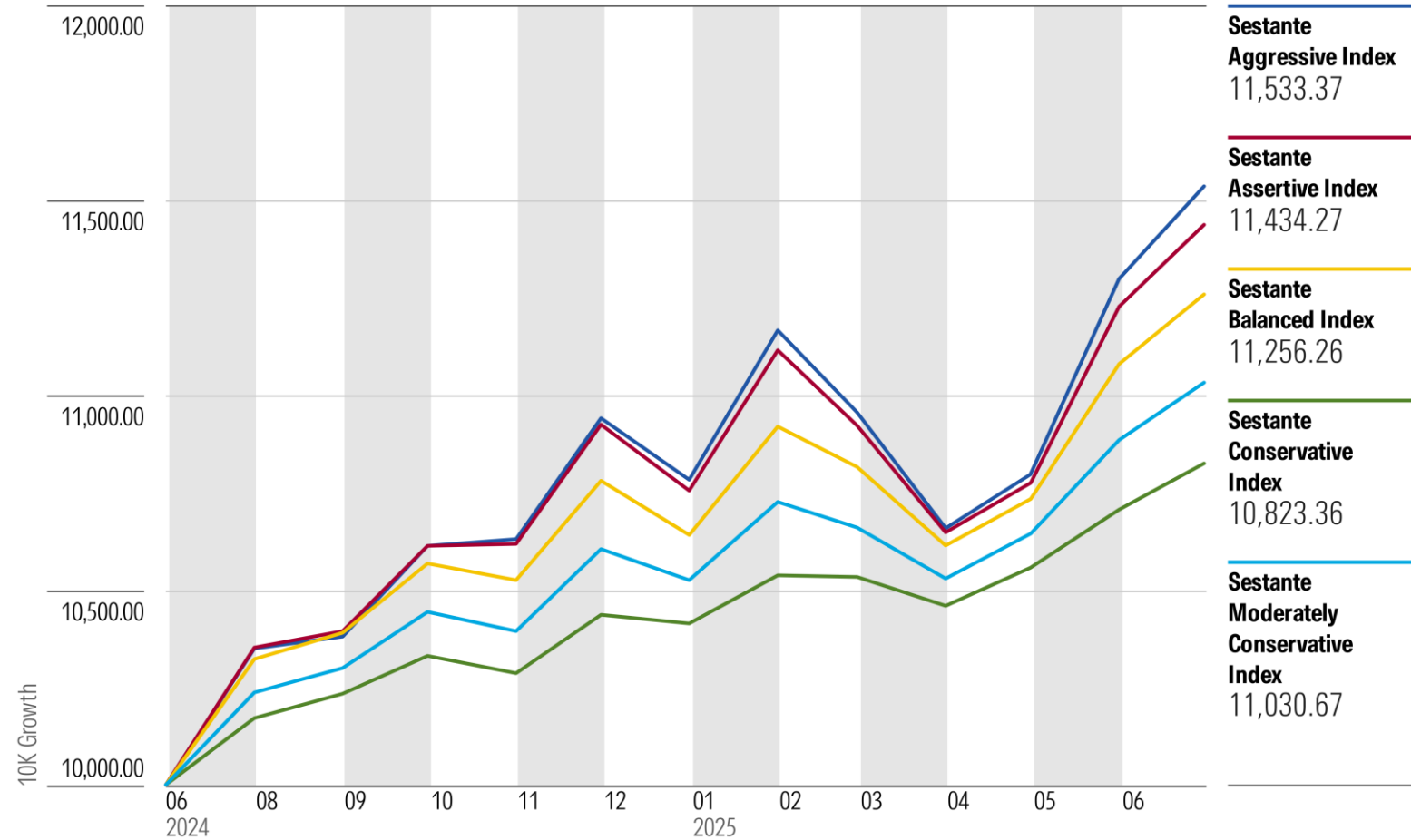
Portfolio: Sestante Dynamic Aggressive • Start Date: 1 Year Ago (07/01/2024) • End Date: Last Month End (06/30/2025) • Data Point: 10K Growth • Initial Value: 10,000 • Frequency: Monthly • Benchmark: No Benchmark • Currency: Australian Dollar • Return Type: Total • Scale: Linear



Growth

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Portfolio: Sestante Aggressive Index • Start Date: 1 Year Ago (07/01/2024) • End Date: Last Month End (06/30/2025) • Data Point: 10K Growth • Initial Value: 10,000 • Frequency: Monthly • Benchmark: No Benchmark • Currency: Australian Dollar • Return Type: Total • Scale: Linear



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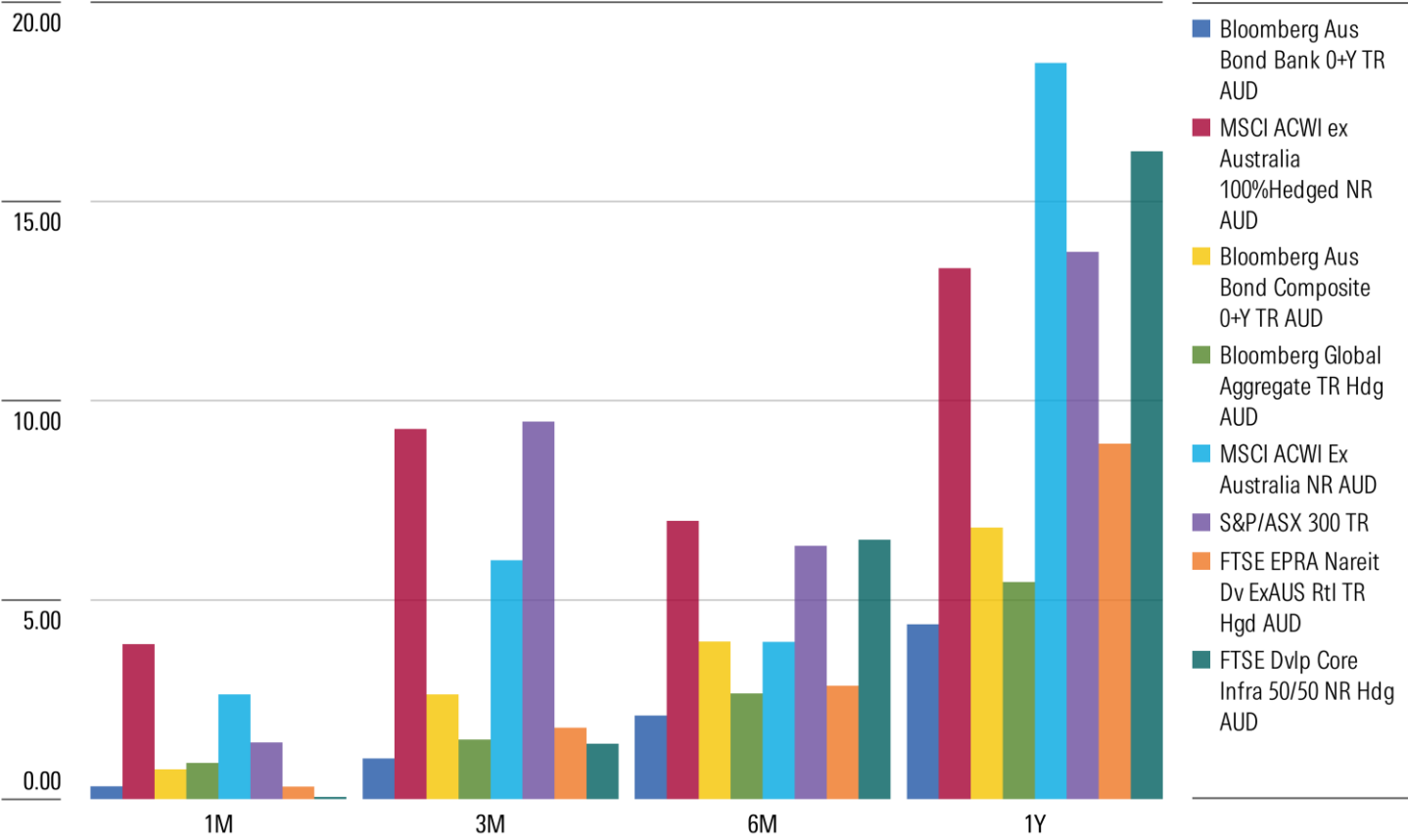


Market Indices

Return Bar

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Portfolio: Bloomberg AusBond Bank 0+Y TR AUD • As of Date: Last Month End • Data Points: Trailing Return • Display Benchmark: No Benchmark • Currency: Australian Dollar • Return Type: Total • Annualized: On



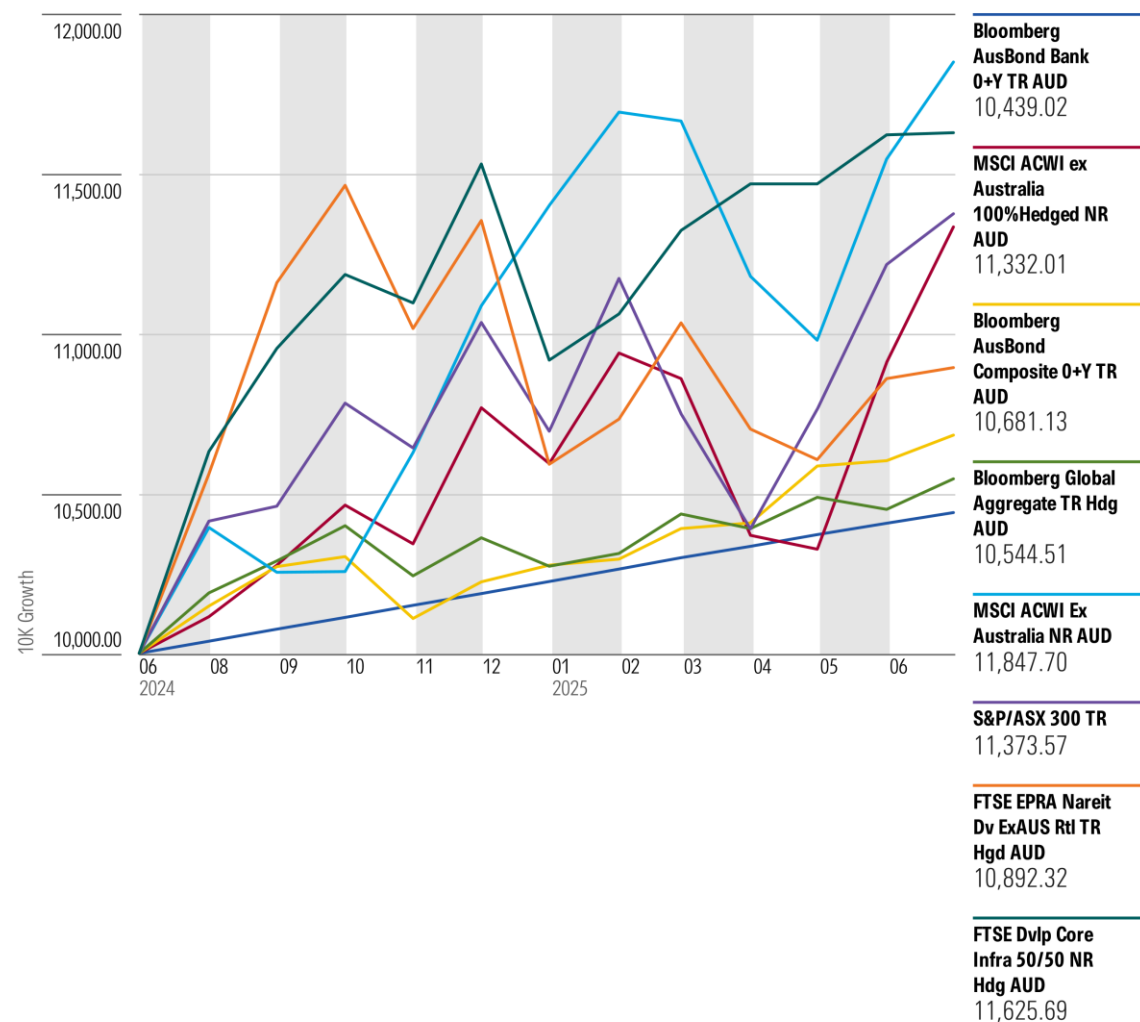
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Growth

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Portfolio: Bloomberg AusBond Bank 0+Y TR AUD • Start Date: 1 Year Ago (07/01/2024) • End Date: Last Month End (06/30/2025) • Data Point: 10K Growth • Initial Value: 10,000 • Frequency: Monthly • Benchmark: No Benchmark • Currency: Australian Dollar • Return Type: Total • Scale: Linear



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