

# 2017-2018 Financial year in review



The financial year to 30 June 2018 was another favourable one for investors with all major asset classes delivering positive returns.

However, market conditions were less favourable in the second half of the financial year due to rising global trade tensions after the Trump administration imposed tariffs on a range of products and explicitly targeted Chinese imports.

## Global growth

### Global economy

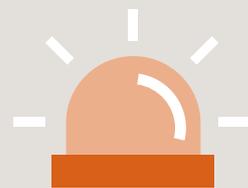
Global growth accelerated for much of the financial year with growth across all major economic zones



Growth in Asia remained strong, helped by China's economy which grew 6.8%



The US economy performed strongly with significant job creation pushing unemployment down to just



Italy's weak economy and their new government's expenditure plans caused concerns late in the financial year

Japan's economy continued growing but at a sluggish pace relative to other economies. Japan's Nikkei 225 Index still managed to rise by +13.5%



The European Central Bank continued to wind down its monetary stimulus measures

### Global share markets performed well

Share market returns for the year to 30 June 2018



S&P/ASX 200 Accumulation Index; S&P 500 Index; FTSE 100 Index; German Aktien Index (DAX); France CAC40 Index; Nikkei 225 Index; Hang Seng Index; Shanghai Composite Index (all in local currency and unhedged).



The US Federal Reserve raised interest rates on three occasions

## Australia

The Australian jobs market strengthened with over 300,000 new jobs created in the year



The unemployment rate fell to the lowest reading since 2012



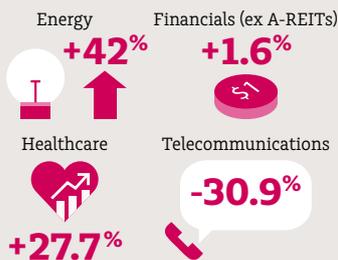
However nearly 14% of the labour market is either unemployed or underutilised, with average annual wages growth just 1.9%, a 20 year low

Exports were a major contributor to economic growth due in part to the higher oil price and growth in iron ore sales



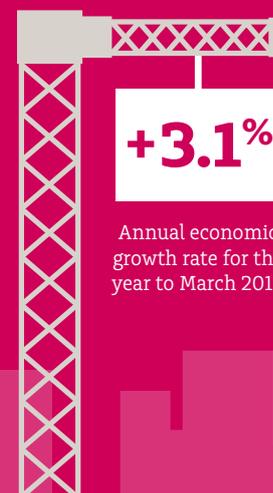
Spending increased on infrastructure by state and federal governments

Sydney and Melbourne house prices fell/stagnated over the year



Performance for the year ending 30 June 2018. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

Reserve Bank of Australia has kept the cash rate on hold for 22 months



## Geopolitical risks

Trade tensions and geopolitical risks worsened late in the financial year – the US imposed 25% tariffs on aluminium and steel



In Asia, tensions resulting from North Korea's nuclear missile testing program subsided towards the end of the year, culminating in separate meetings between the US and South Korean leaders with North Korean leader Kim Jong-un

working with nab

### Important information

This communication is provided by MLC Investments Limited (ABN 30 002 641 661, AFSL 230705) (MLC), a member of the National Australia Bank Limited (ABN 12 004 044 937, AFSL 230 686) group of companies (NAB Group), 105-153 Miller Street, North Sydney 2060. This information may constitute general advice. It has been prepared without taking account of an investor's objectives, financial situation or needs and because of that an investor should, before acting on the advice, consider the appropriateness of the advice having regard to their personal objectives, financial situation and needs. You should obtain a Product Disclosure Statement (PDS) relating to the financial product mentioned in this communication issued by MLC Investments Limited, and consider it before making any decision about whether to acquire or continue to hold the product. A copy of the PDS is available upon request by phoning the MLC call centre on 132 652 or on our website at mlc.com.au. An investment in any product referred to in this communication is not a deposit with or liability of, and is not guaranteed by NAB or any of its subsidiaries. Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market. The returns specified in this communication are reported before management fees and taxes. Share market returns are all in local currency. Any opinions expressed in this communication constitute our judgement at the time of issue and are subject to change. We believe that the information contained in this communication is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made as at the time of compilation. However, no warranty is made as to their accuracy or reliability (which may change without notice) or other information contained in this communication.