

Global equity markets were mostly higher in November, with multiple indices reaching new record highs. The S&P 500 Index and the Nasdaq Composite Index increased by 5.7% and 6.2% respectively, rallying on expectations of lower corporate tax rates and deregulation following Trump's presidential election victory. All 11 US sectors were higher, with gains led by the Consumer Discretionary and Financials sectors as the third-quarter reporting season comes to an end. The Hang Seng Index fell -4.4%, with the threat of the US imposing tariffs on Chinese imports. Markets are still awaiting further stimulus from China to boost economic activity. The S&P/ASX 200 rose 3.7% over the month, reaching a new record high in the final week of October.

S&P/ASX 200 Sector Performance

Information Technology was the best-performing sector over the month, returning 10.4%. TechnologyOne Limited was the best performer, gaining 24.4% after reporting its 2024 full year results. The company recorded profit-before-tax growth of 18% to \$152.9 million, above its guidance of 12–16% growth. The company also paid out a full-year dividend of 22.45 cents per share, a 16% increase over the prior corresponding period. Other strong performers included Block Inc., Xero Limited and Life360 Inc., up 23.8%, 16.3% and 15.2% respectively. The next best-performing sector in November was Utilities, which rebounded by 9.1%. Origin Energy Limited led its peers, up 12.9% since releasing its September quarterly report. The company noted a 3% increase in electricity sale volumes compared to

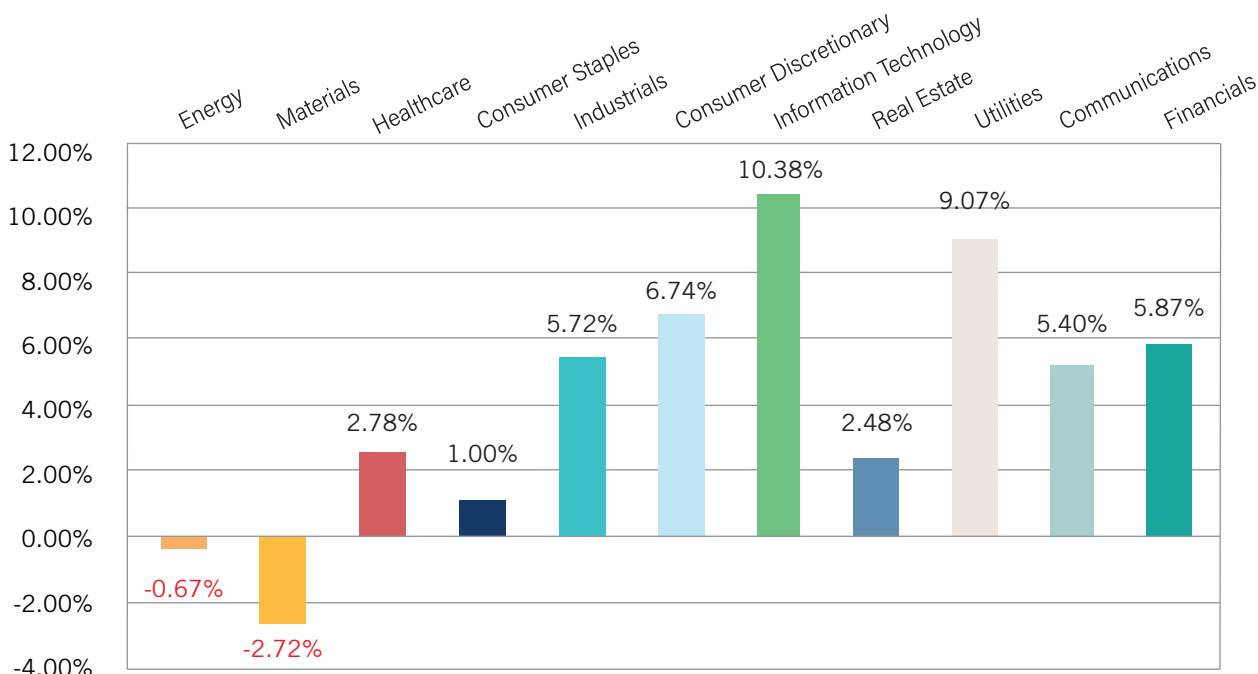
the September quarter of 2023. It also recorded a 1% quarterly increase in Australian Pacific liquified natural gas revenue, driven by higher volumes.

Consumer Discretionary gained 6.7%, with gains led by Web Travel Group Limited, which returned 27.8%. The company reported its half-year results, the first since its demerger where Webjet Limited was split into Web Travel Group with its business-to-business divisions and Web Travel Group Limited with its business-to-consumer businesses. Web Travel Group Limited reported a 23% increase in bookings to 4.3 million and a 1% increase in revenue to \$170.4 million. Its peers, Corporate Travel Management Limited and Flight Centre Travel Group Limited, were also higher over the month, up 15.7% and 9.6% respectively.

The Energy and Materials sectors dragged on the index for the second consecutive month, falling -0.7% and -2.7% respectively. Uranium stocks led losses in the Energy sector with Paladin Energy Limited, Boss Energy Limited and Deep Yellow Limited falling -25.5%, -21.2% and -13.0% respectively as uranium prices fell. Paladin Energy Limited's share price was also affected by ongoing challenges at its

Langer Heinrich Mine which resulted in lower-than-expected production levels and a downgrade of its production guidance for the 2025 financial year. Gold producers led the Materials sector lower, with Bellevue Gold Limited and West African Resources Limited down -21.2% and -17.4% respectively. Gold prices have fallen with easing geopolitical concerns and a stronger US dollar.

Graph 1: S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 December 2024.

Highlights

Australia: The Australian Bureau of Statistics published the latest life expectancy data for the reference period of 2021–23. Life expectancy at birth fell slightly from the previous reference period of 2020–22, coming in at 81.1 years for males and 85.1 years for females. This is the second consecutive decrease in life expectancy. Compared to a decade ago, life expectancy is 1.0 years higher for males and

0.8 years higher for females. Compared to 30 years ago, life expectancy has risen by 6.1 years for males and 4.2 years for females.

CreditorWatch, an Australian credit reporting agency, has revealed that Australian business failures are close to their highest level since the pandemic. The average failure rate is now 5.04%, just below the

previous high of 5.08% recorded in October 2020. CreditorWatch noted that businesses were struggling with higher prices and high interest rates increasing the costs of operation, while consumers had reined in spending due to the increased cost of living.

US: Donald Trump won the US presidential election with 312 of the 538 available electoral votes and will be inaugurated on the 20 of January 2025. The Republican Party will hold a majority in both the House of Representatives and the Senate. Trump has already pledged to impose 25% tariffs on Canadian and Mexican imports and at least a further 10% on imports from China.

After the court ruling in August where Google was judged to have maintained an illegal monopoly over search services, the US Department of Justice has proposed that Google should be forced to sell its Chrome browser. In addition, Google would be banned from re-entering the browser market for five years. Other proposals include preventing Google from paying other parties to make Google the default search engine, and forcing Google to share its data with competitors. The federal court will consider the proposals and decide on the remedy next year.

United Kingdom: The Office of Gas and Electricity Markets will increase the price cap on energy prices by 1.2% from next year. There are concerns this could further drive inflation and cost of living concerns, given the rise in the consumer price index following a 10% jump in the energy price cap in October.

Spain: To grow its labour force, Spain will legalise around 300,000 undocumented immigrants each year over the next three years. As the population

ages, Spain is estimated to require between 250,000 to 300,000 new tax-paying workers to sustain its welfare system.

Germany: Germany's government has collapsed, with the governing coalition of social democrats, liberals and greens breaking down over economic policy on how to best manage the country's economy. There will now be a confidence vote in January 2025, which may lead to an early general election in March.

New Zealand: The Reserve Bank of New Zealand has made another 0.5% rate cut, bringing its interest rate to 4.25%. The large rate cuts aim to stimulate economic activity, with New Zealand currently on the edge of a technical recession.

Japan: After a snap general election resulted in no party with the majority, the Japanese parliament has voted for Prime Minister Shigeru Ishiba to remain prime minister. He will lead the first minority government in three decades.

China: Chinese electric vehicle manufacturer BYD announced a new lithium iron phosphate battery, the 'Blade' battery, which is expected to launch next calendar year. The new battery is said to be less bulky, safer than competitors and will not catch fire.

COP29: COP29 nations have agreed to a \$460 billion deal to assist developing nations with climate change. Richer nations will fund developing nations to shift into a low-carbon economy and to better manage the effects of climate change.

What to watch out for

The Organization of the Petroleum Exporting Countries and allies will hold their final meeting for the year. Having already delayed the meeting, the

group is expected to extend its production cuts into the new year to support oil prices.

Conclusion



Markets were mostly higher in November as they responded to the US election results and anticipated policies. Geopolitical tensions across the world remain elevated but have so far had little impact on markets.

During periods of uncertainty, clients should:

- Stick to the plan and focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.

Investors who stayed on the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefitted from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- Maintain a buffer of safety. Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.

- Take advantage of the weakness. Market downturns provide buying opportunities to invest in long-term, quality investments.
- Focus on quality investments. Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- Diversify across asset classes, industries, sectors and geographies.
- Regularly rebalance the portfolio back to your risk profile to ensure the portfolio is not exposed to unwanted risks and to also lock in profits.
- Remain calm and speak to your Apt adviser. It is important to speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are well placed to explain any impact and discuss the best options and opportunities for you personally.

Disclaimer

This Research Update was prepared by Anthony Yang on behalf of Apt Wealth Partners Pty Ltd (ABN 49 159 583 847 AFSL and ACL 436121). This report was prepared with freely available market information.

Performance information outlined in this document is based on either historical information or stated projections of the product or securities issuer. Apt Wealth Partners does not guarantee any past or future returns on the security or product outlined in this report.

This Research Update is intended as general information only and has been prepared without taking into account your particular objectives, financial situation and needs. Before making an investment decision based on the information contained in this Research Update, you should assess your own circumstances or consult your financial adviser.

Apt Wealth Partners, its directors, employees and associates are not liable for any loss or damage arising from reliance placed on the contents of this Research Update. To the extent permitted by law, all such liability is excluded.

Apt.

WEALTH PARTNERS

The information provided in this publication does not constitute financial product advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Apt Wealth Partners (AFSL and ACL 436121 ABN 49 159 583 847) and Apt Wealth Home Loans (powered by Smartline ACL 385325) recommend that you obtain professional advice before making any decision in relation to your particular requirements or circumstances.

PROFESSIONAL PRACTICE
FQAA FINANCIAL ADVICE
ASSOCIATION
AUSTRALIA