

WEEKLY MARKET recap

20 - 24 February 2023

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Highlights of the week

- Eurozone Inflation has fallen for the third consecutive month, now at 8.6%.
- The Reserve Bank of New Zealand raised the cash rate by another 0.5%, to 4.75%.

Market Action

Sector	Returns % (excluding distributions)		
	24-Feb-23	17-Feb-23	Change (%)
S&P/ASX 200	7299.9	7350.4	-0.7%
All Ordinaries	7504.4	7555.2	-0.7%
Small Ordinaries	2872.3	2896.4	-0.8%
S&P 500	3991.1	4090.4	-2.4%
NASDAQ	11507.1	11855.8	-2.9%
FTSE 100	7930.6	8012.5	-1.0%
Hang Seng	20351.4	20987.7	-3.0%
Nikkei	27104.3	27696.4	-2.1%

*US, UK and European prices refer to the previous day's close

US markets dropped this week as markets priced in further rate hikes as indicated by the Federal Reserve minutes. The S&P 500 and the NASDAQ lost -2.4% and -2.9% respectively, the main laggards being the Technology and Communication Services sectors. The FTSE 100 outperformed US markets, falling by only -1.0% as business activity saw a rebound.

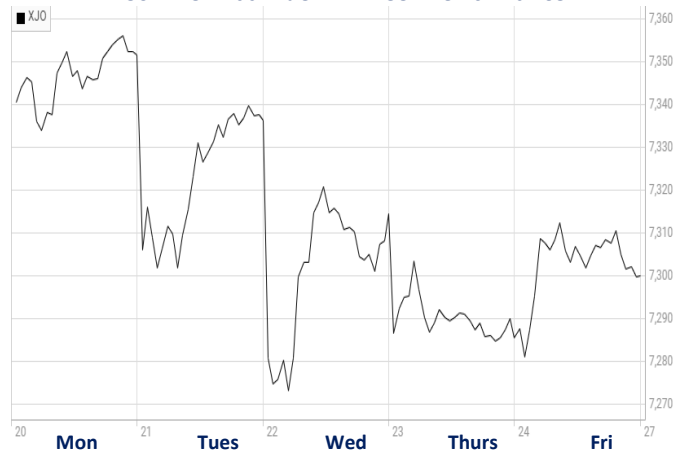
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
APE	Eagers Automotive	\$13.71	24.1%
ORG	Origin Energy	\$8.09	17.5%
ING	Inghams Group	\$3.21	16.7%
QBE	QBE Insurance Group	\$15.28	14.0%
SIQ	Smartgroup Corp.	\$6.38	11.7%

Prices as at 3.00PM on 24/02/2023

Eagers Automotive rose 24.1% after reporting strong demand for both old and new cars which resulted in a record operating profit before tax and a fully franked final dividend of 49c. Origin Energy jumped 17.5% after the Brookfield consortium submitted a revised takeover proposal. Inghams Group's (+16.7%) impressive results including a 31.3% increase in EBITDA from 2HFY22 and led to broker upgrades. QBE Insurance continued to climb following last week's strong FY22 results. Smartgroup rose 11.7% despite announcing a 12% fall in net profit after tax and the resignation of the Managing Director and CEO, Tim Looi.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng closed -3.0% lower, falling for the fourth consecutive week as China's economic growth expectations weaken whilst the Nikkei fell -2.1% as Japan's inflation hit 4.2%, the highest level in more than 40 years. The S&P/ASX 200 outperformed other global markets, retreating by only -0.7%. Small Caps performed in line with large and mid-caps this week, falling -0.8%.

S&P/ASX 200 - Bottom five of the week

ASX Code	Company	Closing Price	Change*
DMP	Domino's Pizza	\$53.46	-26.1%
MND	Monadelphous	\$11.87	-15.8%
MFG	Magellan Financial	\$8.68	-13.6%
CRN	Coronado Global	\$1.89	-13.1%
INA	Ingenia Communities	\$4.06	-13.1%

Domino's fell -26.1% after releasing disappointing half year results. Despite global sales rising by 1.2%, inflation and higher input costs meant net profit after tax fell by -21.5% on the prior corresponding period. Monadelphous fell -15.8% after reporting a 10.5% fall in revenue. Magellan Financial Group declined -13.6% after trading ex-dividend for an interim 85% franked dividend of 46.9c. Coronado lost -13.1% after reporting a 7% fall in production and sales volumes and despite the 66% increase in revenue due to soaring coal prices over the last year. Ingenia also fell -13.1% after downgrading growth guidance from 30% to less than 10%.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AZJ	Aurizon Holdings Limited	27/02/2023	\$0.07	100%
BAP	Bapcor Limited	27/02/2023	\$0.11	100%
BPT	Beach Energy Limited	27/02/2023	\$0.02	100%
FMG	Fortescue Metals Group Limited	27/02/2023	\$0.75	100%
SDF	Steadfast Group Limited	27/02/2023	\$0.06	100%
STO	Santos Limited	27/02/2023	\$0.22	0%
AMC	Ancor Plc	28/02/2023	\$0.17	0%
DMP	Domino's Pizza Enterprises Limited	28/02/2023	\$0.67	60%
EVN	Evolution Mining Limited	28/02/2023	\$0.02	100%
ORG	Origin Energy Limited	28/02/2023	\$0.17	100%
WOR	Worley Limited	28/02/2023	\$0.25	0%
AMP	Amp Limited	1/03/2023	\$0.03	20%
AUB	AUB Group Limited	1/03/2023	\$0.17	100%
ORA	Orora Limited	1/03/2023	\$0.09	0%
TLS	Telstra Group Limited	1/03/2023	\$0.09	100%
COL	Coles Group Limited	2/03/2023	\$0.36	100%
NHF	Nib Holdings Limited	2/03/2023	\$0.13	100%
PME	Pro Medicus Limited	2/03/2023	\$0.13	100%
PNI	Pinnacle Investment Management Group	2/03/2023	\$0.16	100%
PTM	Platinum Investment Management Limited	2/03/2023	\$0.07	100%
WOW	Woolworths Group	2/03/2023	\$0.46	100%
ALD	Ampol Limited	3/03/2023	\$1.55	100%
LIC	Lifestyles Communities Limited	3/03/2023	\$0.06	100%
TWE	Treasury Wine Estate Limited	3/03/2023	\$0.18	100%

Topic of the week

Ahead of May's Federal Budget, the Government is considering making changes to the current superannuation system. With over \$3.3 billion in superannuation, retirement earnings being tax free and members making additional contributions, spending on tax concessions could surpass the cost of the age pension by 2050. Currently, superannuation tax concessions cost \$52.6 billion whilst the age pension costs \$55.3 billion according to the research by the Australia Institute.

One possible change being considered is to impose a cap on superannuation balances. A submission from the Association of Superannuation Funds of Australia noted that "members aged 65 or older with a total superannuation balance as at 1 July 2023 in excess of \$5 million ... should be required to withdraw the excess out of superannuation or .. pay tax at the top personal income tax

rate" on the excess portion's return. This would affect roughly 11,000 Australians above the \$5 million cap. Large super funds, Australian Super, Aware Super and HESTA support the \$5 million cap whilst Mercer would prefer an even lower cap of \$3.4 million. A balance cap of \$3 million would affect around 36,000 Australians but would reduce the tax concession cost by around \$1 billion each year.

Another option would be to reduce the super tax threshold. Members below the current high-income threshold of \$250,000 pay a 15% tax on superannuation earnings whilst members above the threshold pay an additional 15%. These potential changes are only in the discussion stage ahead of the Federal budget and will be subject to the normal legislative processes before they would be introduced.

Home Loan Rates

Lender	Owner Occupier (Variable)	Owner Occupier (2 Year Fixed)	Owner Occupier (5 Year Fixed)	Investor (Variable)	Investor (2 Year Fixed)	Investor (5 Year Fixed)
CBA	5.12%	6.14%	6.84%	5.12%	6.24%	6.94%
NAB	5.24%	6.09%	6.69%	5.49%	6.14%	6.79%
Macquarie	4.84%	5.25%	5.55%	5.04%	5.45%	5.75%

*Based on a 25-year, \$450,000 loan with principal and interest repayments and a Loan-to-Value ratio of 70%.

What to expect for the week ahead

- The Australian Bureau of Statistics (ABS) will release the latest Monthly Consumer Price Index.
- The ASX Corporate Reporting continues with Appen, TPG, Woodside and Adbri expected to report.



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