



## Highlights of the week

- Prime Minister Anthony Albanese announced a \$5 billion investment from Microsoft into Australia's cybersecurity.
- The Australian Consumer Price Index rose by 5.4% over the twelve months to the end of the September 2023 quarter.

## Market Action

Sector	Returns % (excluding distributions)		
	27-Oct-23	20-Oct-23	Change (%)
<b>S&amp;P/ASX 200</b>	6833.3	6902.9	-1.0%
<b>All Ordinaries</b>	7019.6	7091.7	-1.0%
<b>Small Ordinaries</b>	2580.9	2630.5	-1.9%
<b>S&amp;P 500</b>	4137.2	4278.0	-3.3%
<b>NASDAQ</b>	12595.6	13186.2	-4.5%
<b>FTSE 100</b>	7354.6	7499.5	-1.9%
<b>Hang Seng</b>	17044.6	17295.9	-1.5%
<b>Nikkei</b>	30601.8	31430.6	-2.6%

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

US equity markets declined this week, with the S&P 500 and the NASDAQ falling -3.3% and -4.5% respectively as quarterly earnings reporting continued. The Utilities sector was the only positive sector whilst Communication Services and Consumer Discretionary led losses as markets priced in longer periods of higher rates and geopolitical tensions. The FTSE 100 fell -1.9% on a rising unemployment rate and a larger than expected fall in retail sales.

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

ASX Code	Company	Closing Price	Change*
<b>WBT</b>	Weebit Nano	\$3.79	14.2%
<b>LYC</b>	Lynas Rare Earths	\$7.10	10.8%
<b>CIA</b>	Champion Iron	\$6.98	10.2%
<b>CRN</b>	Coronal Global	\$1.76	5.8%
<b>PRU</b>	Perseus Mining	\$1.75	5.6%

\*Prices as at 3.00PM on 27/10/2023

Weebit Nano rose 14.2% after its quarterly activities report, building on momentum from signing an agreement with DB HiTek last week. Lynas Rare Earths jumped 10.8% after its operating licence was updated to continue operations at its Malaysian facility to 2 March 2026. It will also double its research and development in Malaysia to 1% of gross sales. Champion Iron is up 10.2% after reporting record quarterly iron ore production whilst Coronado Global gained 5.8% after recording its second highest year to date group revenue. Perseus rose 5.6% after reporting production of 132,804 ounces of gold with a margin on US\$999 per ounce.

### S&P/ASX 200 Index - 1 Week Performance



The Hang Seng outperformed other international markets, down only -1.5% as the Chinese Parliament passed a bill to issue 1 trillion yuan in sovereign debt to boost the economy whilst the Nikkei lost -2.6% as the yen fell to 33-year lows. The S&P/ASX 200 fell -1.0%, as markets priced in a higher likelihood of a rate hike after inflation data came in above expectations. Small caps underperformed both mid and large cap companies, falling by -1.9%.

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

ASX Code	Company	Closing Price	Change*
<b>LTR</b>	Liontown Resources	\$1.70	-39.3%
<b>MP1</b>	Megaport	\$9.49	-16.8%
<b>HLS</b>	Healius	\$1.85	-16.3%
<b>CNI</b>	Centuria Capital Group	\$1.18	-12.4%
<b>IFL</b>	Insignia Financial	\$2.06	-12.2%

Liontown crashed -39.3% after Albemarle withdrew their takeover offer for \$3.00 per share. To fund their Kathleen Valley Lithium Project, Liontown has since undertaken an institutional placement, and will launch a share purchase plan, at \$1.80 per share. Megaport dropped -16.8% after its quarterly presentation, noting that a "rebuild and recovery of momentum will take time." Insignia is down -12.2% after the exit of its CEO and a fall in funds under administration over the last quarter. Healius and Centuria fell -16.3% and -12.4% respectively with neither company releasing any significant news.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
BKW	Brickworks Limited	31/10/2023	\$0.42	100%

## Topic of the week

The emergence of GLP-1 drugs, more commonly known as the new weight loss drugs, has heavily impacted the Australian healthcare sector. Branded under the names Ozempic, Wegovy and Mounjaro, they were originally intended to help lower blood sugar levels as a treatment for Type 2 Diabetes. However, trials have shown that these drugs may have further applications.

Despite GLP-1 drugs having been around for some time, the recent rise to prominence occurred due to one of the side effects – rapid weight loss. The drug is administered via a weekly injection and works by making the body create more insulin, which in turn causes blood sugar levels to fall, slowing digestion and suppressing appetite. The popularity boomed on social media when celebrities began revealing that they were using the drugs off label to lose weight.

ResMed's share price has fallen recently due to concerns that these new drugs will reduce ResMed's total addressable market. ResMed produces devices, accessories, and the corresponding software for the treatment of Obstructive Sleep Apnoea (OSA). However, due to obesity being a contributing risk factor for OSA, the market is concerned these weight loss drugs may potentially limit the number of users of its products.

Earlier this month, Novo Nordisk, the manufacturers of Ozempic ended a trial early stating the resounding success of Ozempic in treating kidney failure in diabetes patients. This time, the affected Australian company was CSL, after its recent acquisition of kidney disease business, Vifor Pharma. However, CSL has multiple revenue

streams with kidney disease treatments only a small portion of the overall group revenue making it less exposed to the GLP-1 drugs, even if they are eventually deemed effective and approved to treat kidney disease.

There are three main headwinds to widespread adoption of these drugs: cost, adherence and side effects. The current cost is near US\$1,000 per month, and they are not covered by health insurance plans at many US employers or by European governments. The high price makes them unaffordable for a large portion of the population. The weight-loss drugs also cause side effects ranging from nausea and vomiting to more serious issues like pancreatitis and gall bladder problems. Adherence is also a major issue with patients on average regaining two thirds of their lost weight in the year after ceasing use.

Regarding ResMed specifically, sleep apnoea also has other contributing risk factors such as age and facial structure. Sleep apnoea is one of the most common medical disorders and is underdiagnosed, so even with some impact the target market remains large. ResMed has seen no impact on sales with ResMed reporting that patients are using ResMed's sleep devices in conjunction with GLP-1 drugs. ResMed has even state that the longer life expectancy of obese patients on GLP-1 drugs may increase the addressable market. There are a number of uncertainties regarding the long-term impact on GLP-1 drugs and the Apt Investment Team will continue to monitor their impact.

## 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	6.44%	6.99%	6.84%	6.50%	7.04%	6.94%
NAB	6.49%	6.34%	6.69%	7.01%	6.64%	6.79%
Macquarie	5.89%	6.35%	6.29%	6.09%	6.49%	6.45%

\*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 Retail Trade Data and the Monthly Household Spending Indicator for September, providing insight into the economy and how households are responding to inflation and the high cost of living.
- The US Bureau of Labor Statistics will release the latest Employment Situation data for October.



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) recommends that you obtain professional advice before making any decision in relation to your particular requirements or circumstances.

