



MACQUARIE

# Member update June 2020

Macquarie SuperOptions

## Economics commentary

### Global

The first six months of FY20 saw the global economy struggling with a manufacturing downturn exacerbated by US-China trade tensions, culminating in the U.S. Treasury Department designating China as a 'currency manipulator' in August. However, at the end of the calendar year we saw the beginnings of an economic turnaround as central banks enacted a 'U-turn' on monetary policy and US-China trade tensions eased. The recovery received a further boost in early January when the US and China negotiated a 'Phase 1' trade deal, seemingly reducing the risk of a trade war.

Unfortunately, the nascent recovery came to an end in March as the outbreak of COVID-19 escalated into a global pandemic, with one country after another effectively shutting down large parts of their economies with lockdowns in order to contain the virus. What followed was the sharpest economic downturn since the Great Depression, exemplified by staggering declines in economic activity and massive increases in unemployment rates. China's GDP in the first quarter of CY20 fell an unprecedented 10% on the previous quarter, while nearly 50 million people in the United States filed claims for unemployment benefits from mid-March to the end of June.

Governments and central banks responded with unprecedented fiscal and monetary measures: Governments announced several rounds of progressively larger fiscal spending initiatives and central banks enacted Quantitative Easing measures and sharply slashed policy rates to near zero. The measures eventually appeared to 'staunch the bleeding' and restore some semblance of confidence in the economy and financial system. Equity markets bottomed in late March and then began a very sharp rally that gathered momentum as the intensity of the virus dissipated and economies opened-up as lockdowns eased. Illustrative of the recovery was China's GDP for the second quarter of 2020 rising an unprecedented 11.5% on the previous quarter.

However, the recovery appeared to lose some steam in June as a 'second wave' of the virus, particularly in many U.S. states, prompted reversals of lockdowns, prompting questions about whether the much hoped-for 'V-shaped' recovery would be under threat. Additionally, late in the financial year, political risk flared up again after China approved a national security law for Hong Kong and the United States retaliated by sanctioning Chinese officials and revoking the special treatment extended by law to Hong Kong.

### Australia

For most of the first half of the financial year, the Australian economy battled its way through a 'soft patch', weighed down by a global economic downturn. In response, the RBA cut the official cash rate in early July and again in early October in an effort to stimulate the economy. House prices were one of the few areas of strength. As was the case globally, the Australian economy began to see signs of recovery towards the end of the calendar year, despite the impact of devastating bushfires on the east coast.

Australia was hit by COVID-19 in March and responded with lockdowns and travel bans. This helped restrain the spread of the virus but nevertheless had a major impact on the economy, with the unemployment rate immediately rising to levels not seen for decades.

In response, extraordinary fiscal and monetary support measures were rolled out to cushion the economic fallout and limit the downturn. The Federal Government announced three major stimulus packages, the last one of which included the 'JobKeeper' subsidy to employers affected by lockdowns and the 'JobSeeker' subsidy to unemployed people. The Australian government's fiscal response as a percentage of GDP was one of the largest in the world, helping to ease the pain on the economy. The RBA slashed the cash rate to a record low of 0.25% with forward guidance for no interest rate hikes until progress is made towards full employment and inflation returns to its 2-3% target. Additionally, the RBA began the unprecedented step of purchasing government bonds and semi-government bonds in the secondary market with the goal of keeping yields on bonds of up to three years in maturity at close to 0.25%.

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The progression of the virus was relatively well contained in Australia, which meant that the Australian economy, while not unscathed, was hit relatively less than other major Western economies. As the country slowly lifted social restrictions, consumer spending picked up over the last two months of FY20, with mobility data improving and government support measures and early superannuation withdrawals providing a boost to household cash flow and spending capacity.

The Australian Dollar had a wild ride during the financial year, starting at US \$0.70 then plummeting to US \$0.57 – its lowest level since January 2003 – at the height of the crisis in March, then rallying to finish the financial year at US \$0.69.

## Pension accounts performance as at 30 June 2020 (per annum)

Macquarie SuperOptions Pension <sup>1</sup>	1 year to Jun 20 (%)	2 years to Jun 20 (%)	3 years to Jun 20 (%)	4 years to Jun 20 (%)	5 years to Jun 20 (%)	Since inception to Jun 20 (%)	Fund size (\$A million)
<b>Conservative</b>							
BT Wholesale Conservative Outlook*	-1.48	0.72	1.79	1.82	2.12	3.81	0.004
Macquarie Capital Stable	5.46	5.67	4.90	4.42	4.17	5.64	11.164
UBS Defensive Investment*	-1.22	2.02	2.27	2.62	2.16	4.62	0.285
<b>Balanced</b>							
Aberdeen Multi-Asset Real Return Fund*	-5.26	-0.39	0.43	2.72	2.58	3.24	0.043
BlackRock Scientific Diversified Stable	-0.05	3.35	3.61	3.71	3.56	4.44	0.341
BT Wholesale Balanced Returns*	-2.51	0.28	2.74	3.47	3.15	3.66	0.022
Macquarie Balanced	3.27	5.07	5.95	6.28	6.01	7.44	37.488
Macquarie OneChoice*	4.15	7.30	7.74	7.75	8.07	7.14	0.072
<b>Growth</b>							
AMP Capital Balanced Growth Class A	-1.90	2.70	4.80	5.29	4.61	5.37	0.444
BlackRock Scientific Diversified Growth	-1.60	3.56	5.39	6.55	5.52	5.93	0.582
Colonial First State Wholesale Diversified*	-0.99	3.53	5.53	5.70	5.18	4.49	0.518
Macquarie Growth	-4.03	2.45	5.07	6.46	6.79	6.66	1.842
OnePath Wholesale Managed Growth*	-3.52	1.20	3.25	4.38	3.72	4.34	0.244
Perpetual's Wholesale Balanced Growth	-2.25	2.48	3.75	4.91	4.17	5.59	2.869
<b>Cash</b>							
Macquarie Deposit	0.38	0.64	0.65	0.68	0.80	3.39	7.403
<b>Australian Fixed Interest</b>							
Macquarie Australian Fixed Interest*	3.35	5.76	4.48	3.18	3.71	5.15	0.311
UBS Australian Bond	2.33	4.99	3.95	2.80	3.33	4.36	0.958
<b>Global Fixed Interest</b>							
Macquarie Diversified Fixed Interest	3.32	5.10	3.72	3.01	3.34	4.43	2.424
<b>Australian Property</b>							
Colonial First State Wholesale Property Securities	-19.60	-2.57	1.27	-0.89	3.41	3.29	0.580
Macquarie Property Securities*	-23.49	-2.78	1.86	0.27	4.38	5.52	0.943
<b>Australian Shares</b>							
Alphinity Wholesale Australian Share Fund	-6.29	1.18	5.97	7.91	6.30	8.20	0.218
AMP Capital Equity Class A*	-7.33	0.99	5.17	5.95	4.37	7.16	0.261
Colonial First State Wholesale Imputation*	-2.28	3.49	8.70	7.92	6.45	7.19	0.028
Macquarie Australian Equities	-3.25	3.31	6.56	9.31	9.81	7.79	1.864
Macquarie Small Companies	1.42	1.88	12.54	11.04	17.72	11.26	1.202
Maple-Brown Abbot Imputation Fund	-16.05	-4.46	0.21	4.34	1.79	5.75	0.658
NovaPort Australian Smaller Companies*	9.32	5.73	7.30	7.99	7.02	10.31	0.092
OnePath Wholesale Blue Chip Imputation*	-12.47	-4.82	-1.16	1.79	-0.01	4.99	0.268
Perpetual's Wholesale Industrial	-9.68	-2.93	0.20	3.40	2.51	7.28	1.926
Schroder Wholesale Australian Equity	-12.00	-2.10	2.59	6.40	3.78	8.57	1.173
UBS Australian Share*	-10.97	-3.77	0.26	2.43	1.30	6.83	0.412
<b>Global Shares</b>							
Aberdeen Actively Hedged International Shares	2.11	5.51	6.26	7.39	5.27	2.89	0.149
AMP Capital Wholesale Global Equity Growth*	0.00	0.00	0.00	0.00	0.00	0.00	0.032
Arrowstreet Global Equities	-2.01	2.29	5.32	8.59	6.18	7.16	0.823
Macquarie IFP Global Franchise*	5.77	8.29	8.11	8.47	8.68	9.08	0.069
<b>Specialised Global Shares</b>							
Platinum International	-5.18	-2.72	2.13	6.40	3.46	6.04	2.621

<sup>1</sup> Macquarie SuperOptions is closed to new applications.

\* This investment is closed to new applications.

Returns are quoted net of all fees, charges and taxes with the exception of the account keeping fee and other incidental fees which may be charged directly to your account. Past performance is not indicative of future performance. Returns disclosed reflect the performance of each investment option. These may not reflect the actual performance of your holding within the investment option.

## Super accounts performance as at 30 June 2020 (per annum)

Macquarie SuperOptions Super <sup>1</sup>	1 year to Jun 20 (%)	2 years to Jun 20 (%)	3 years to Jun 20 (%)	4 years to Jun 20 (%)	5 years to Jun 20 (%)	Since inception to Jun 20 (%)	Fund size (\$A million)
<b>Conservative</b>							
BT Wholesale Conservative Outlook*	-1.63	0.33	1.39	1.42	1.76	3.17	0.094
Macquarie Capital Stable	4.84	5.35	4.72	4.12	3.82	4.82	6.846
UBS Defensive Investment*	-0.96	1.83	1.94	2.34	1.91	3.93	1.082
<b>Balanced</b>							
Aberdeen Multi-Asset Real Return Fund*	-5.01	-0.51	0.39	2.46	2.64	2.87	0.734
BlackRock Scientific Diversified Stable	-0.17	2.84	3.12	3.22	3.09	3.85	1.215
BT Wholesale Balanced Returns*	-2.24	0.32	2.59	3.26	2.90	3.21	0.218
Macquarie Balanced	2.91	4.65	5.29	5.51	5.34	6.23	41.969
Macquarie OneChoice*	3.24	6.36	6.85	6.88	7.28	6.23	6.005
<b>Growth</b>							
AMP Capital Balanced Growth Class A	-1.81	2.37	4.43	4.90	4.22	4.81	3.283
BlackRock Scientific Diversified Growth	-1.64	2.86	4.74	5.86	5.15	5.25	2.438
Colonial First State Wholesale Diversified*	-0.81	3.34	5.14	5.29	4.81	4.11	4.343
Macquarie Growth	-4.50	1.38	3.83	5.36	5.39	5.78	24.171
OnePath Wholesale Managed Growth*	-3.28	0.97	2.90	3.95	3.30	3.88	2.076
Perpetual's Wholesale Balanced Growth	-2.01	2.24	3.37	4.43	3.79	5.22	15.819
<b>Cash</b>							
Macquarie Deposit	0.24	0.45	0.47	0.49	0.59	2.87	36.467
<b>Australian Fixed Interest</b>							
Macquarie Australian Fixed Interest*	2.69	4.83	3.69	2.52	3.05	4.39	2.099
UBS Australian Bond	1.99	4.26	3.35	2.26	2.78	3.70	1.411
<b>Global Fixed Interest</b>							
Macquarie Diversified Fixed Interest	2.63	4.28	3.04	2.36	2.66	3.76	2.053
<b>Australian Property</b>							
Colonial First State Wholesale Property Securities	-17.88	-2.02	1.54	-0.71	3.10	2.79	2.517
Macquarie Property Securities*	-23.29	-3.07	1.31	-0.09	4.47	4.89	2.815
<b>Australian Shares</b>							
Alphinity Wholesale Australian Share Fund	-5.81	0.78	5.50	7.49	5.87	7.48	1.193
AMP Capital Equity Class A*	-6.84	0.74	4.52	5.31	3.86	6.45	0.584
Colonial First State Wholesale Imputation*	-2.23	3.63	7.41	7.18	5.72	6.54	0.331
Macquarie Australian Equities	-4.38	2.09	5.31	8.18	8.60	6.60	12.606
Macquarie Small Companies	1.25	1.80	11.99	10.53	17.23	9.96	14.970
Maple-Brown Abbot Imputation Fund	-14.65	-4.07	0.27	4.25	1.88	5.45	3.879
NovaPort Australian Smaller Companies*	-4.65	-1.00	2.70	4.48	4.18	8.91	0.537
OnePath Wholesale Blue Chip Imputation*	-11.24	-4.24	-1.14	1.97	0.28	4.74	1.113
Perpetual's Wholesale Industrial	-8.89	-2.81	0.09	3.13	2.24	6.72	4.288
Schroder Wholesale Australian Equity	-11.15	-2.26	2.17	5.82	3.39	7.83	3.835
UBS Australian Share*	-10.03	-3.54	0.17	2.30	1.87	6.34	1.638
<b>Global Shares</b>							
Aberdeen Actively Hedged International Shares	2.18	5.07	5.92	6.95	4.99	2.53	3.442
AMP Capital Wholesale Global Equity Growth*	0.00	0.00	0.00	0.00	0.00	0.00	0.486
Arrowstreet Global Equities	-1.72	2.06	4.65	7.91	5.65	6.43	11.770
Macquarie IFP Global Franchise*	5.29	7.64	7.49	7.94	8.08	8.29	0.923
<b>Specialised Global Shares</b>							
Platinum International	-4.61	-2.36	2.23	6.11	3.43	5.47	8.731

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If you have any questions, please contact your financial adviser, call us on 1800 801 651,  
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