

# SGM Major Markets Trust

Year Ending December 31, 2018

## OVERVIEW:

The Trust's investment objective is long-term total return. The Trust seeks annualized returns of 5% (gross of fees) above the Bloomberg Ausbond Bank Bill Index with annualized volatility (standard deviation) of approximately 6-10% per annum, each over a complete market cycle.

## Performance (%)

Net of Fees, AUD	-2.31
Gross of Fees, AUD	-1.32
Bloomberg AusBond Bank Bill <sup>1</sup>	+1.92
<b>Value Added</b>	<b>-3.24</b>

## Major Performance Drivers

After a healthy start to the year, whereby equity markets surged higher on the back of supportive fundamentals, the rosy glass investors had been peering through seemed to dim as worries around future growth came to the fore. It seems many of the geopolitical concerns that the market had to deal with during 2018 will persist over to the New Year, particularly Brexit and the continued US-China trade tensions. In the final months of the year, investors sought refuge in perceived safe havens such as US Treasuries, which pushed yields lower after they rose throughout the year on the back of multiple Fed rate hikes, gold, and the Japanese Yen.

The portfolio underperformed its benchmark for the year. Equity market positions were the main detractor to performance, particularly long exposures to emerging, Asian and European markets. A significant short exposure to the US, held on valuation grounds, added strong value in the final quarter and for the year after being a drag on performance earlier in 2018. Commodity positions lost value, mostly due to a long position in oil over the final quarter. Currency positions helped performance, as the Australian dollar and New Zealand dollar, held short, weakened against the US dollar, held long. Fixed income positions had a minor impact on performance for the year.

Past performance information in the above is historical and is not a reliable indicator of future performance. Returns are shown after the deduction of management fees and other expenses. This information is current as at the date specified and is subject to change.

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<sup>1</sup> The Bloomberg AusBond Bank Bill Index is an independently maintained and widely published index comprised of short-term Australian bills.