



Baharian Wealth Management

The Financial Market's Handbook

1Q 2024 as at 31 March 2024

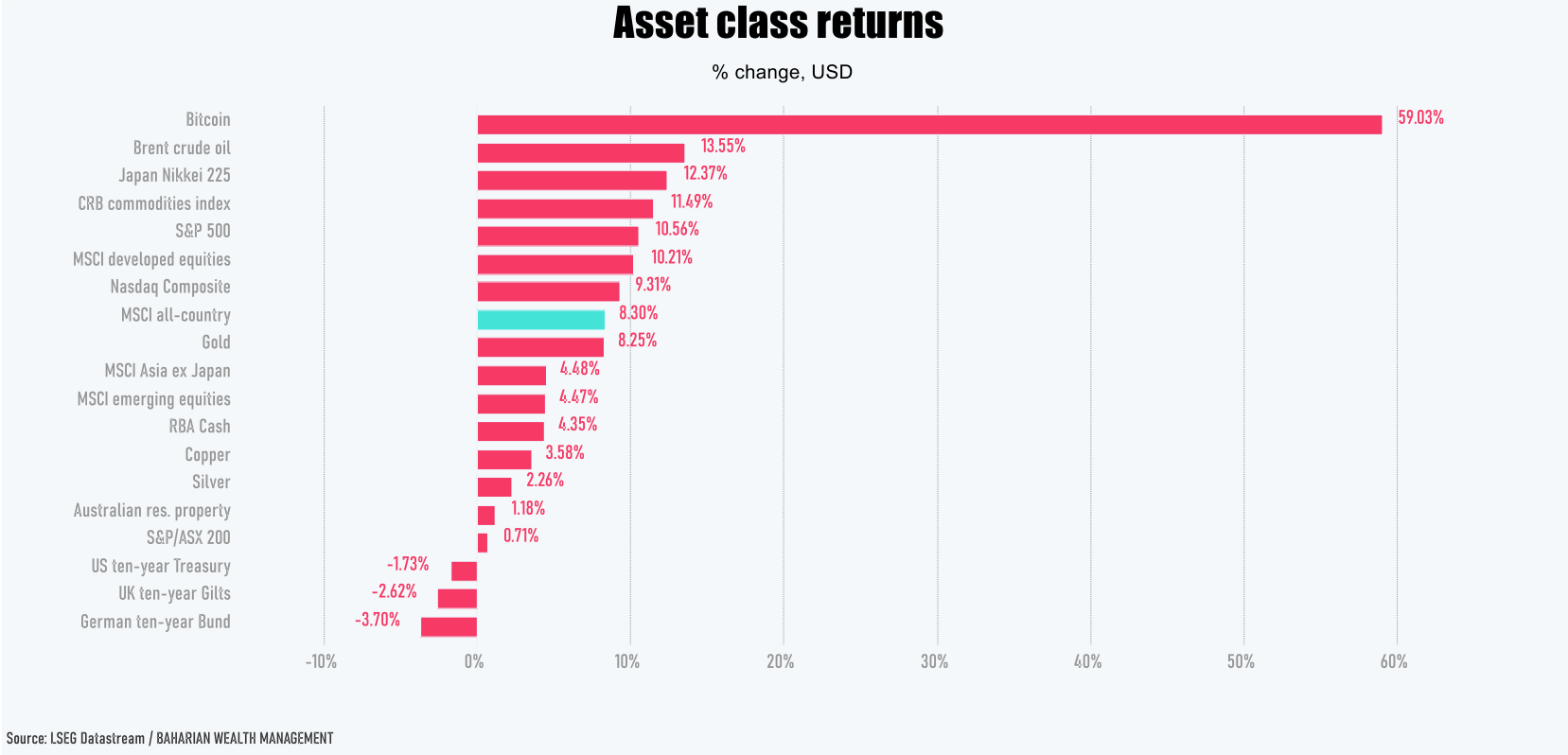
Table of Contents

Global scoreboard	p. 3
Global markets	
<i>Hot topics</i>	p. 12
Important information	p. 38

1Q 2024 in review.

Global scoreboard

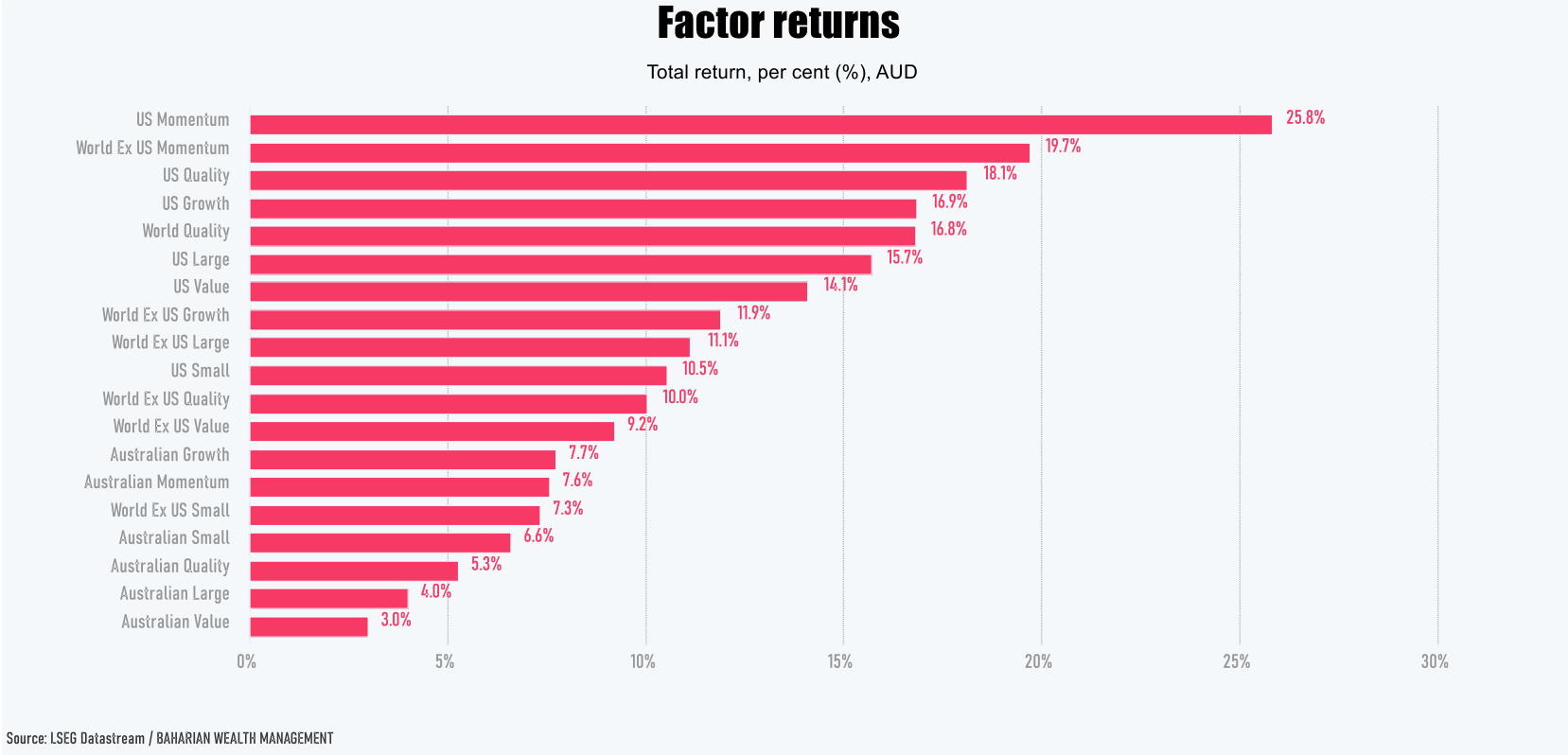
The global scoreboard: *Asset class performance*



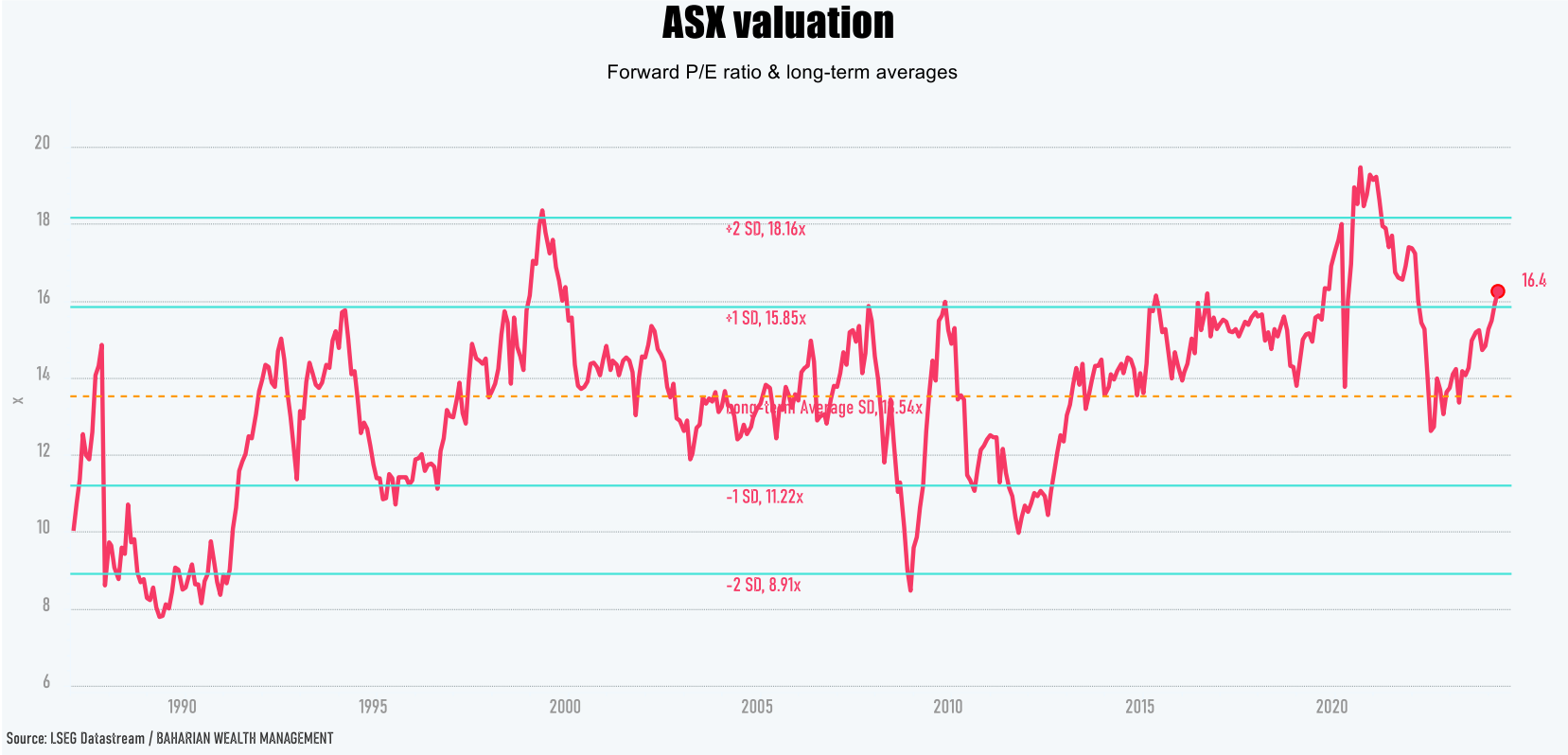
The global scoreboard: *Select country performance*



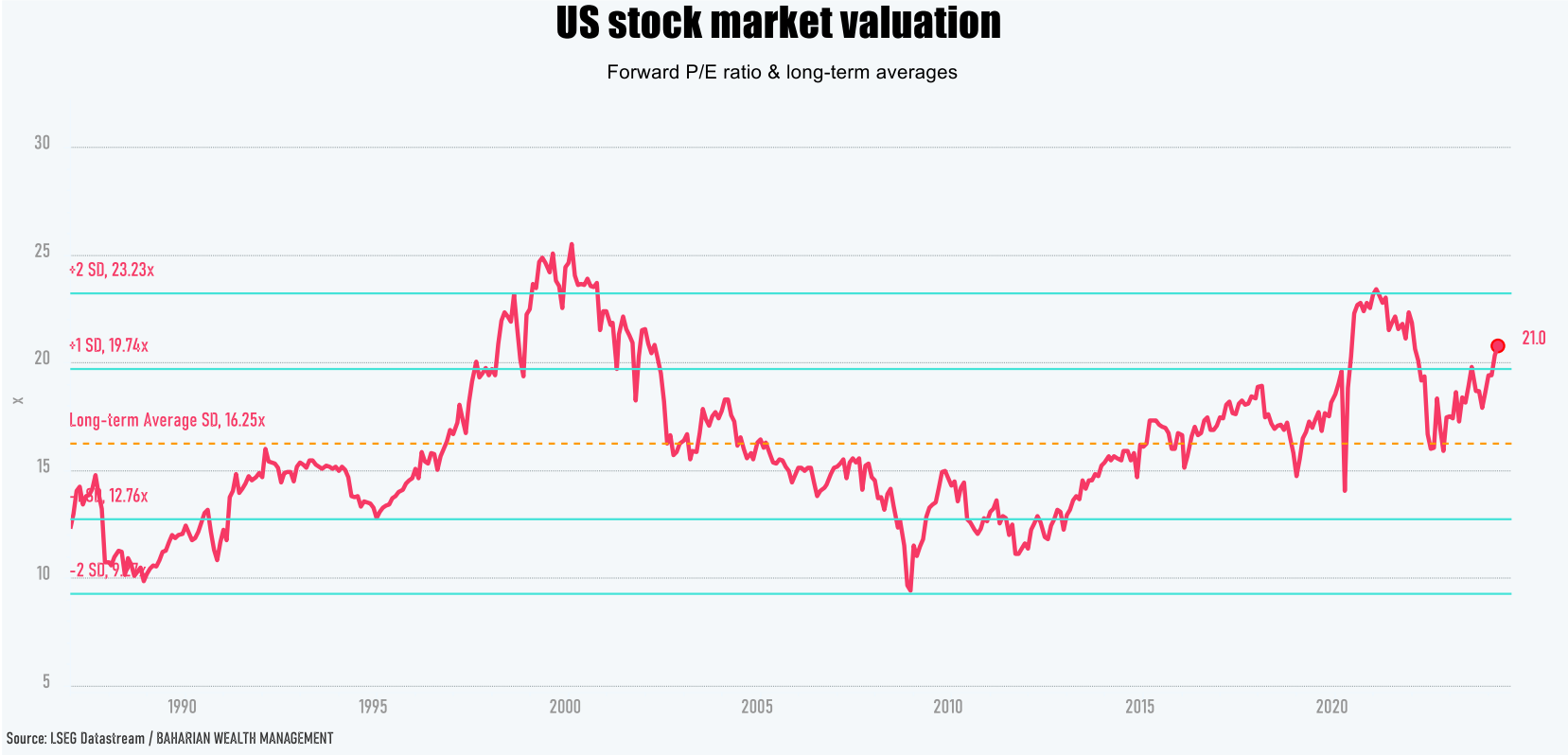
The global scoreboard: *Factor performance*



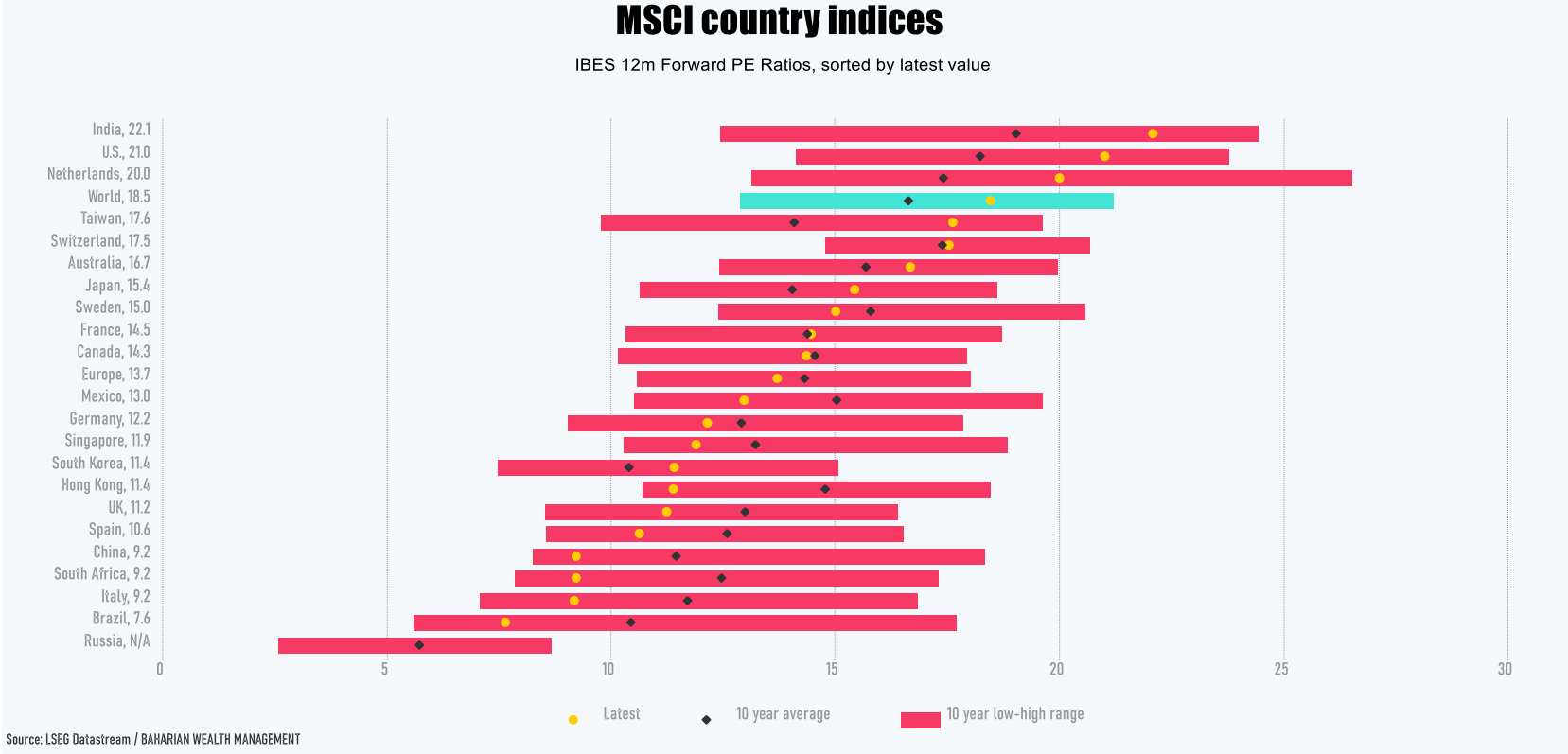
The global scoreboard: *Australian stock market valuation*



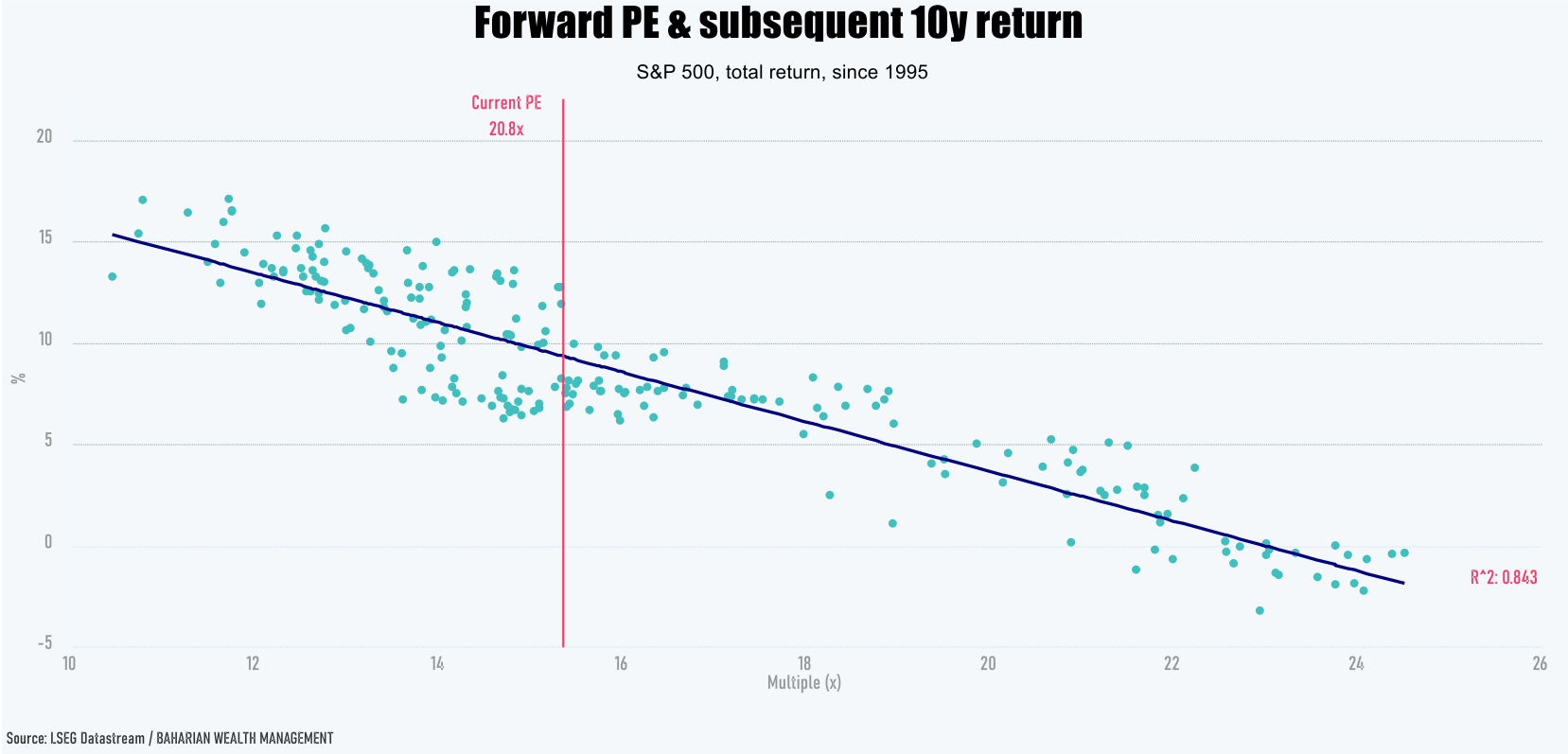
The global scoreboard: *US stock market valuation*



The global scoreboard: *World stock market valuation*



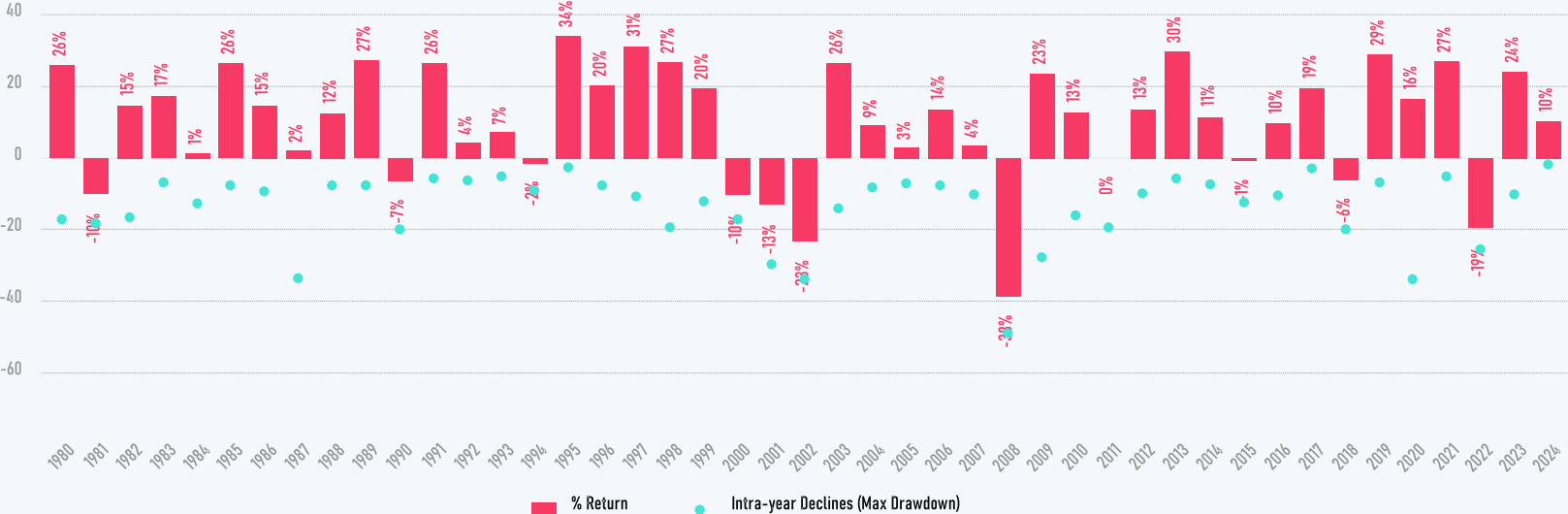
The global scoreboard: *Valuations & subsequent returns*



The global scoreboard: *Stock market calendar & intra-year returns*

Intra-year declines (max drawdown) vs calendar year returns

S&P 500, price only



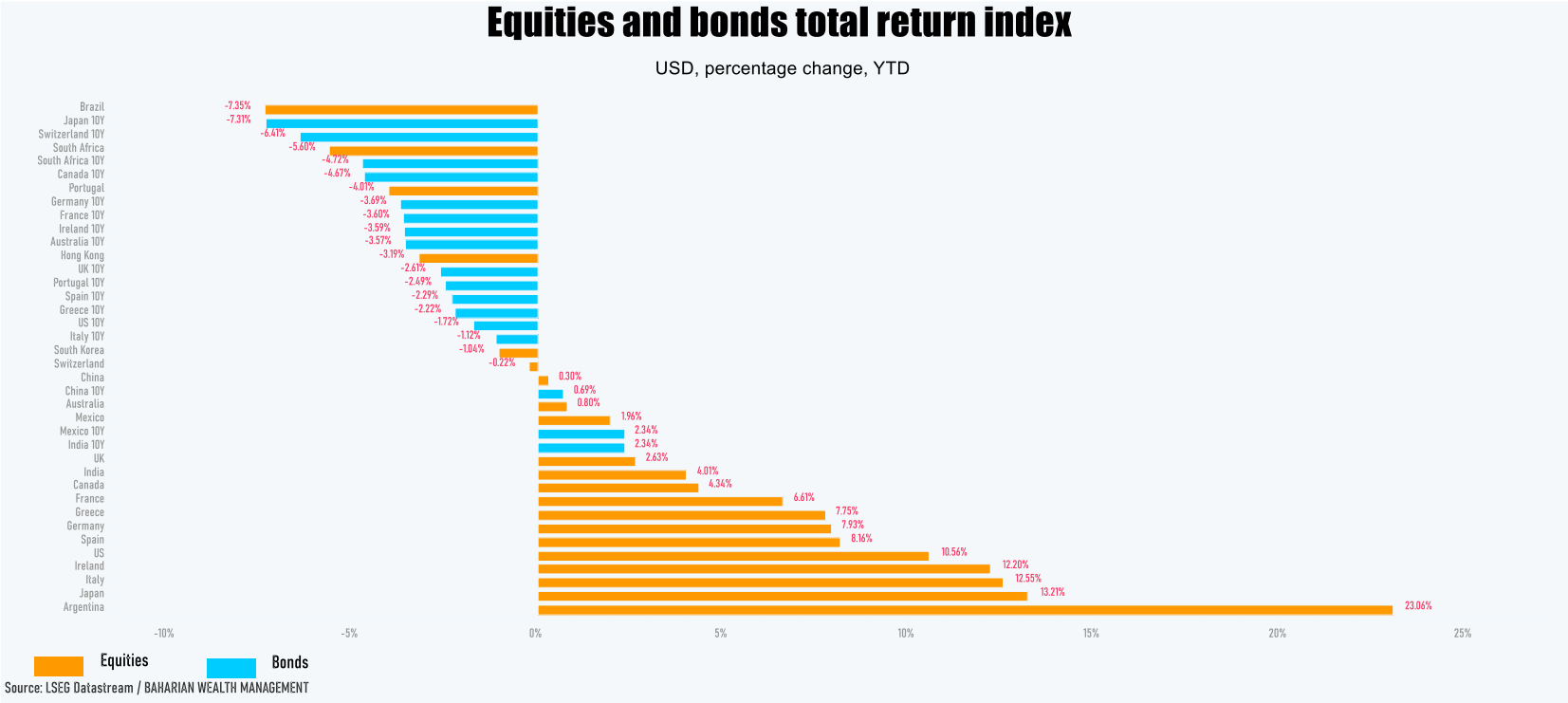
Source: LSEG Datastream / BAHARIAN WEALTH MANAGEMENT

Global markets.

Hot topics

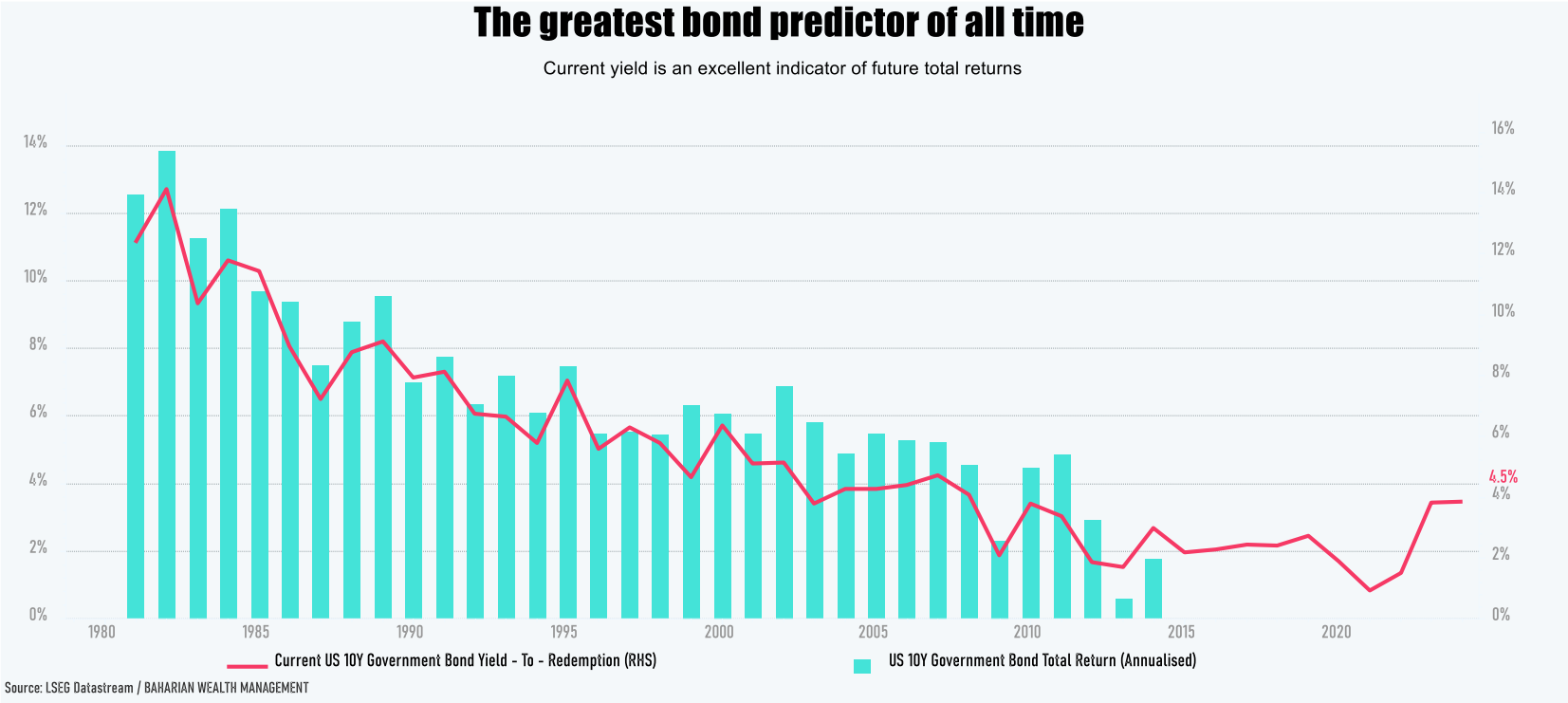
Global markets. *Hot topics*

Most equity markets rebounded strongly through the March quarter, whilst most bonds were weaker.



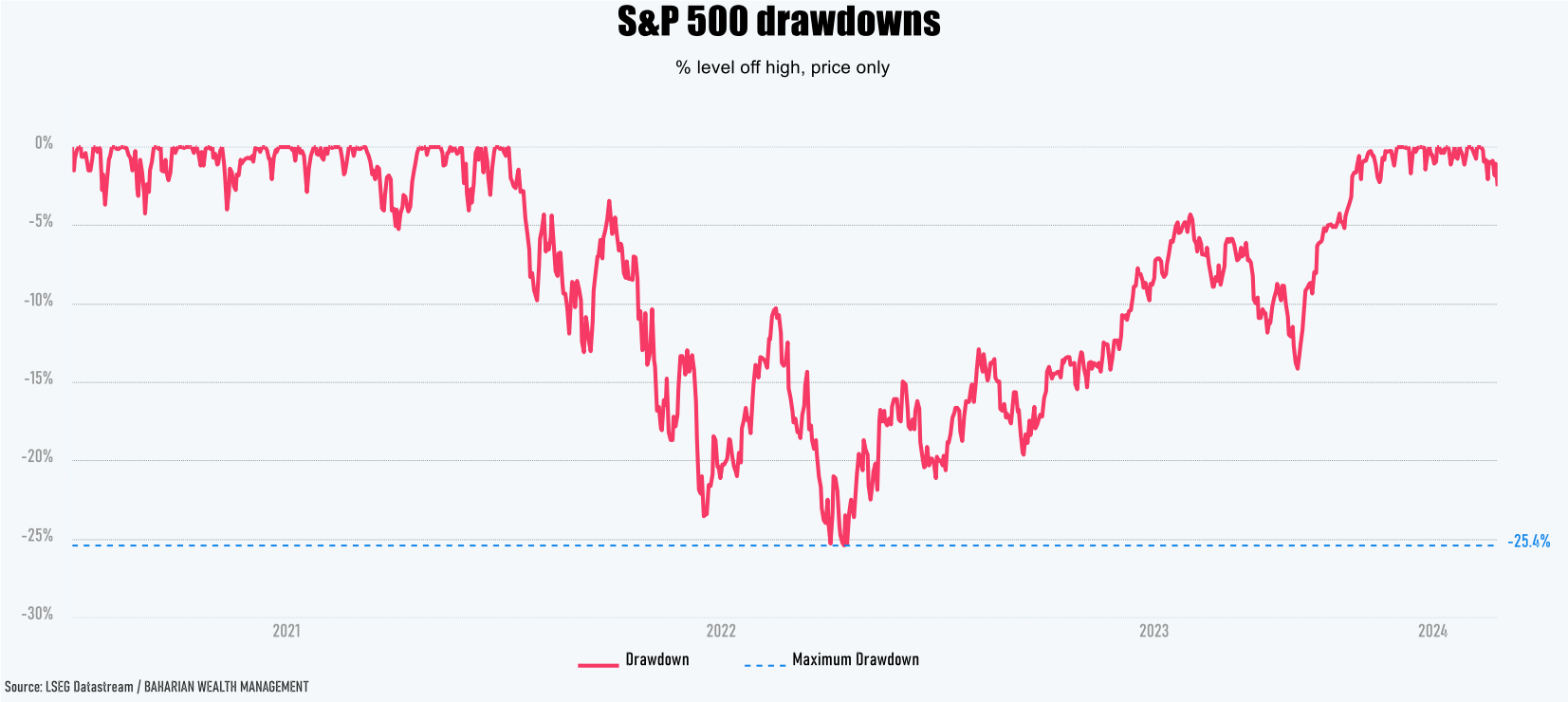
Global markets. *Hot topics*

10-year bonds are telling us we can expect about 4.5% p.a. for the next 10 years in bonds.



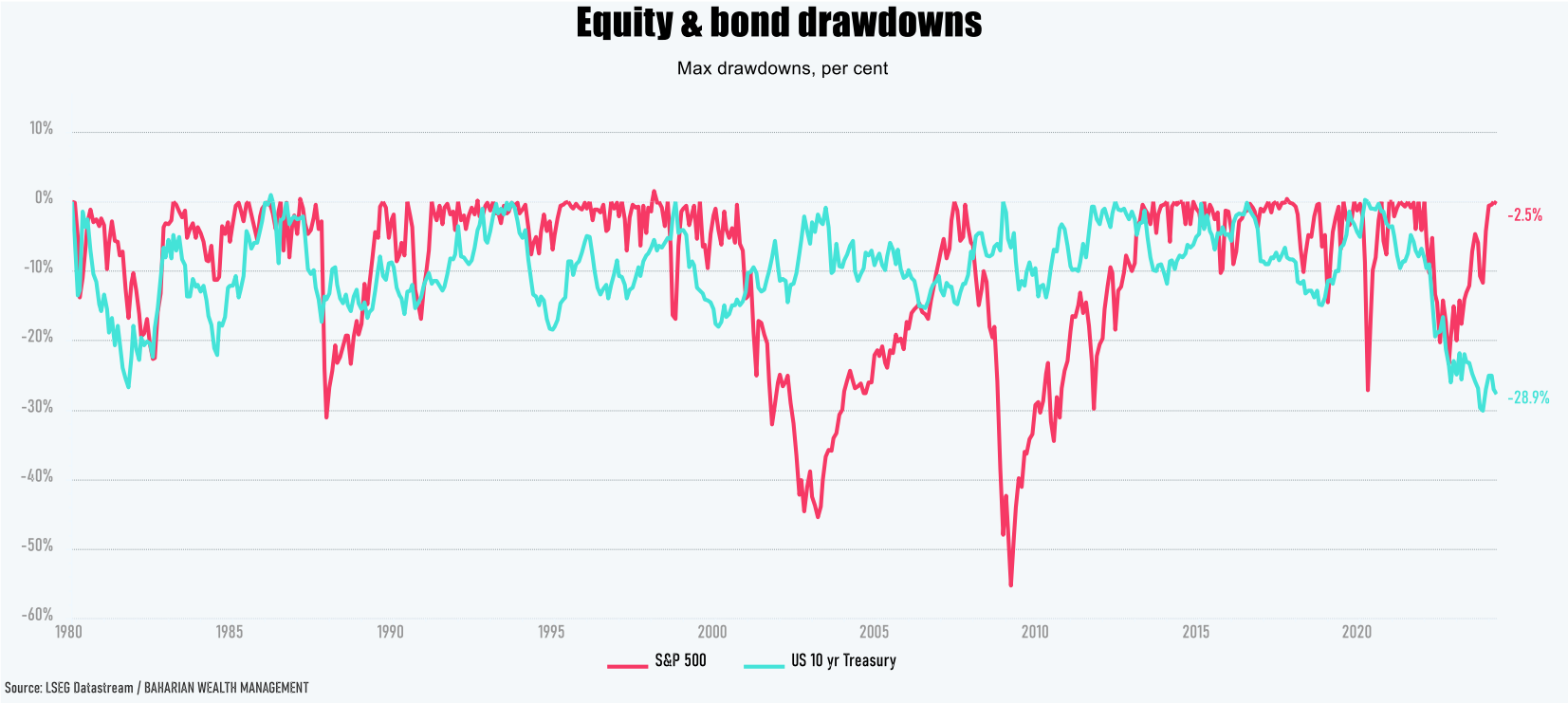
Global markets. *Hot topics*

S&P 500 back to making new all-time highs.



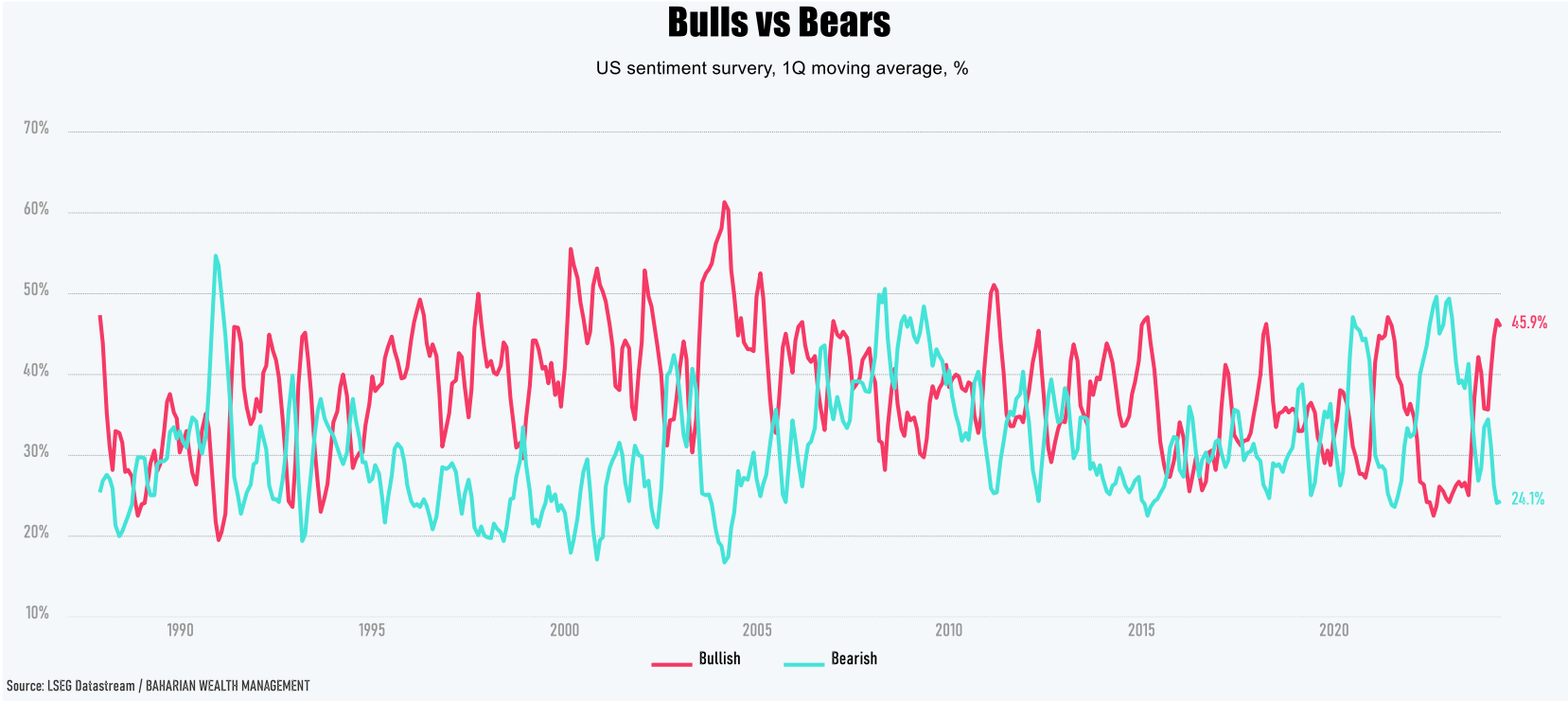
Global markets. *Hot topics*

Are bonds making lower lows, or will they test new lows?



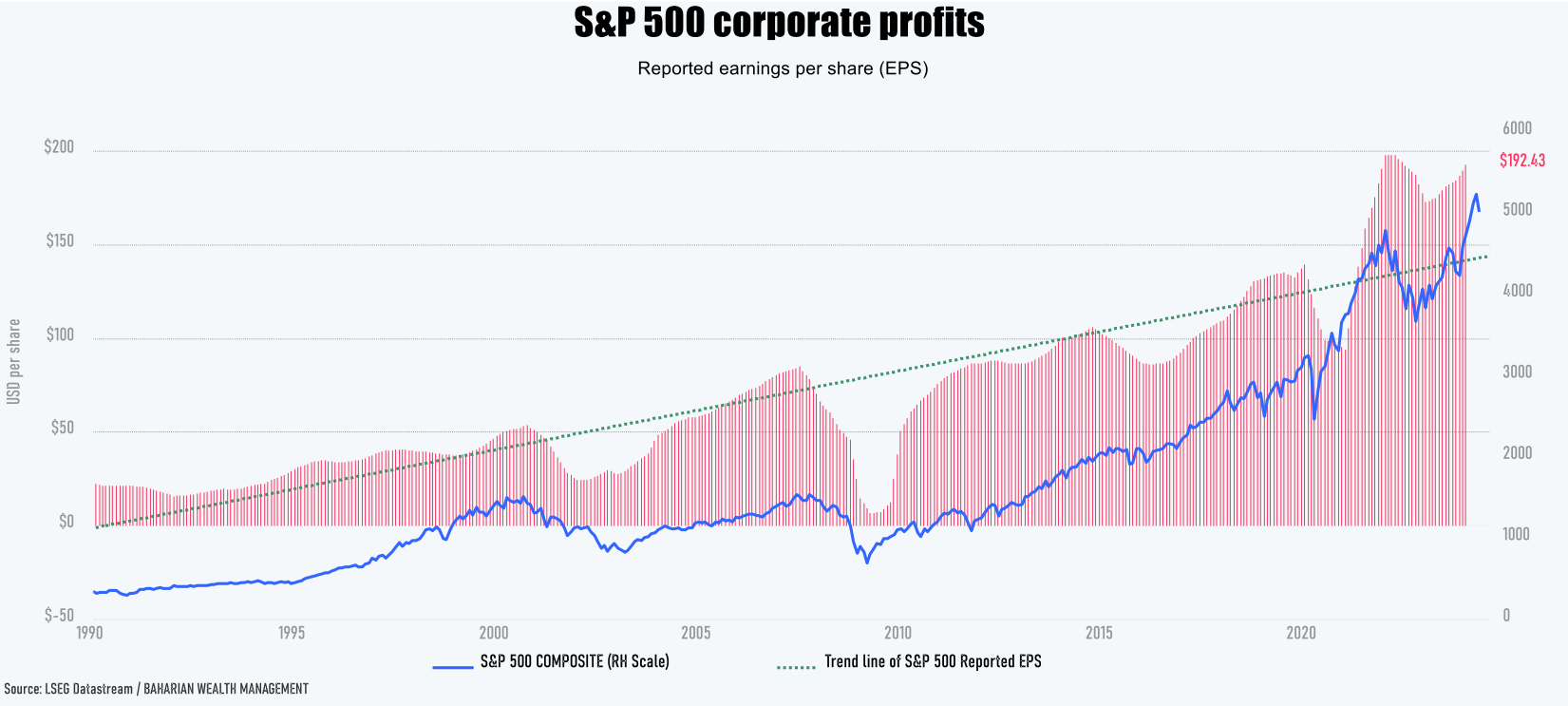
Global markets. *Hot topics*

Sentiment turned really quickly during the March quarter.



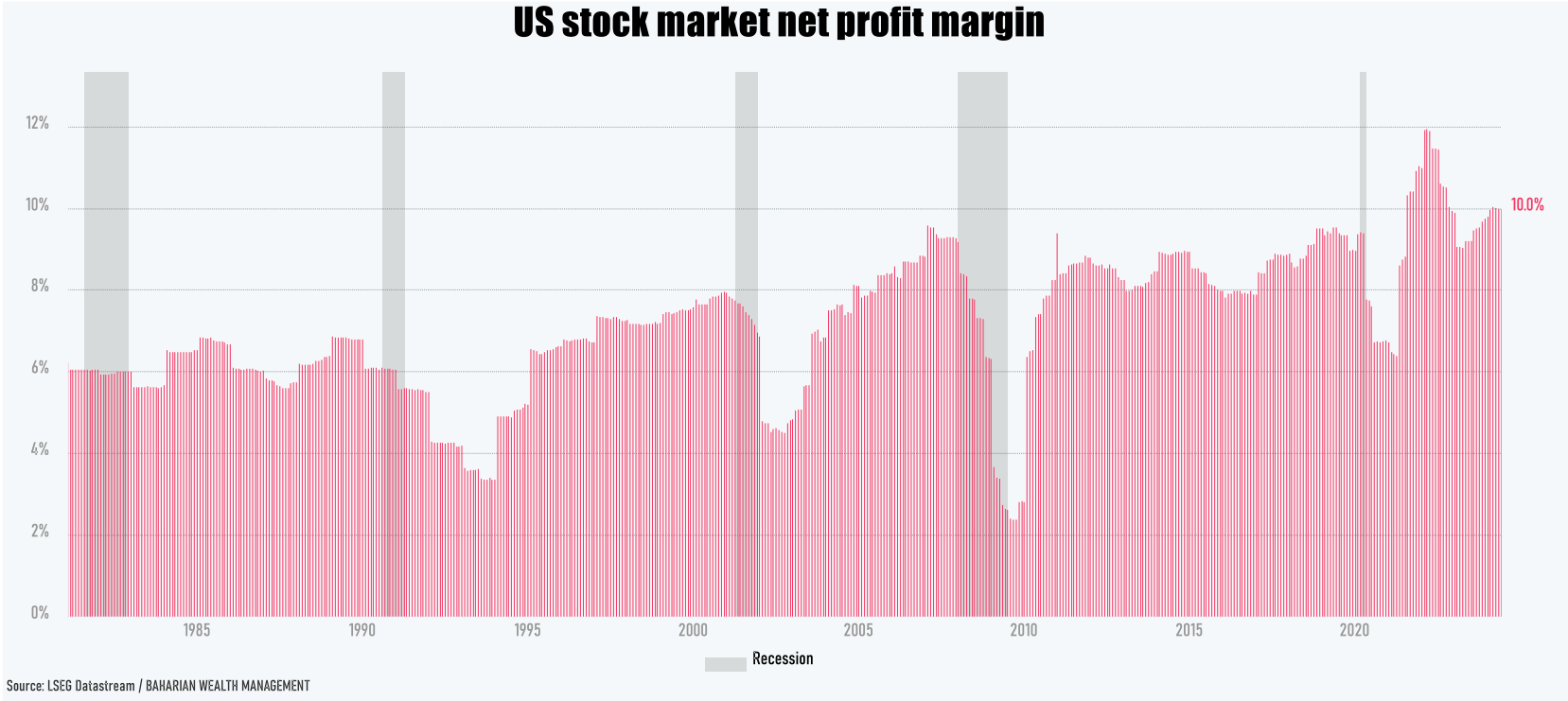
Global markets. *Hot topics*

Corporate earnings continue to rise.



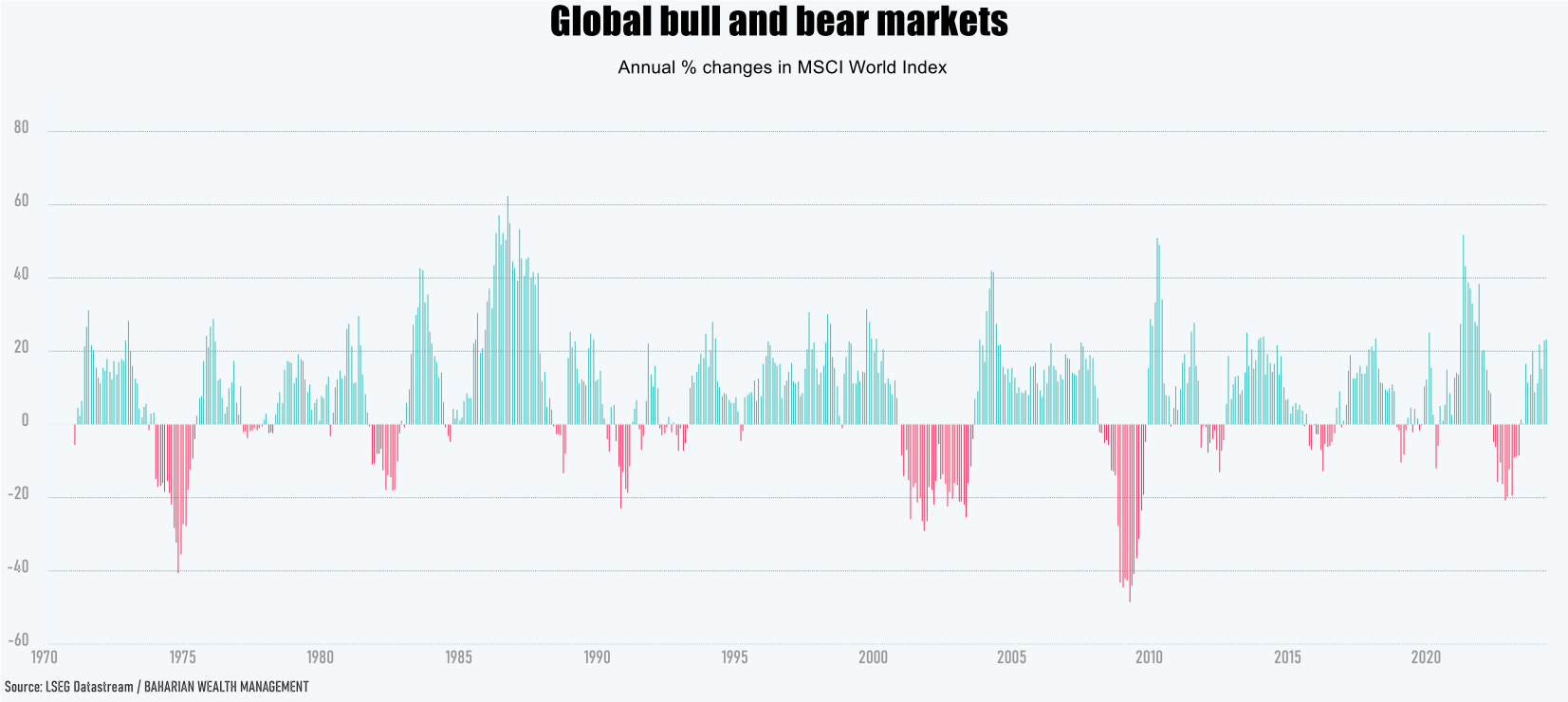
Global markets. *Hot topics*

US corporate profit margins appear to have stabilised.



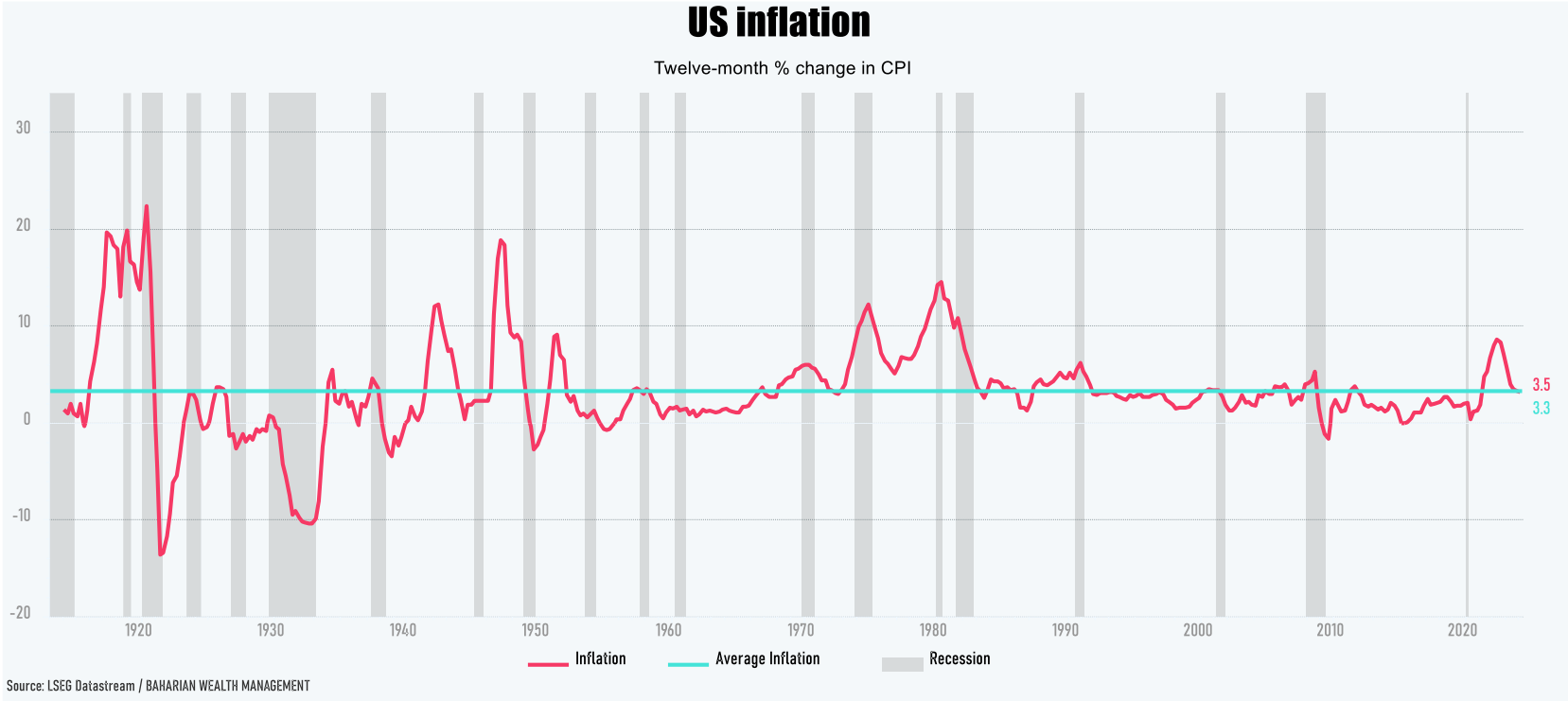
Global markets. *Hot topics*

A long-term perspective on global bull and bear markets.



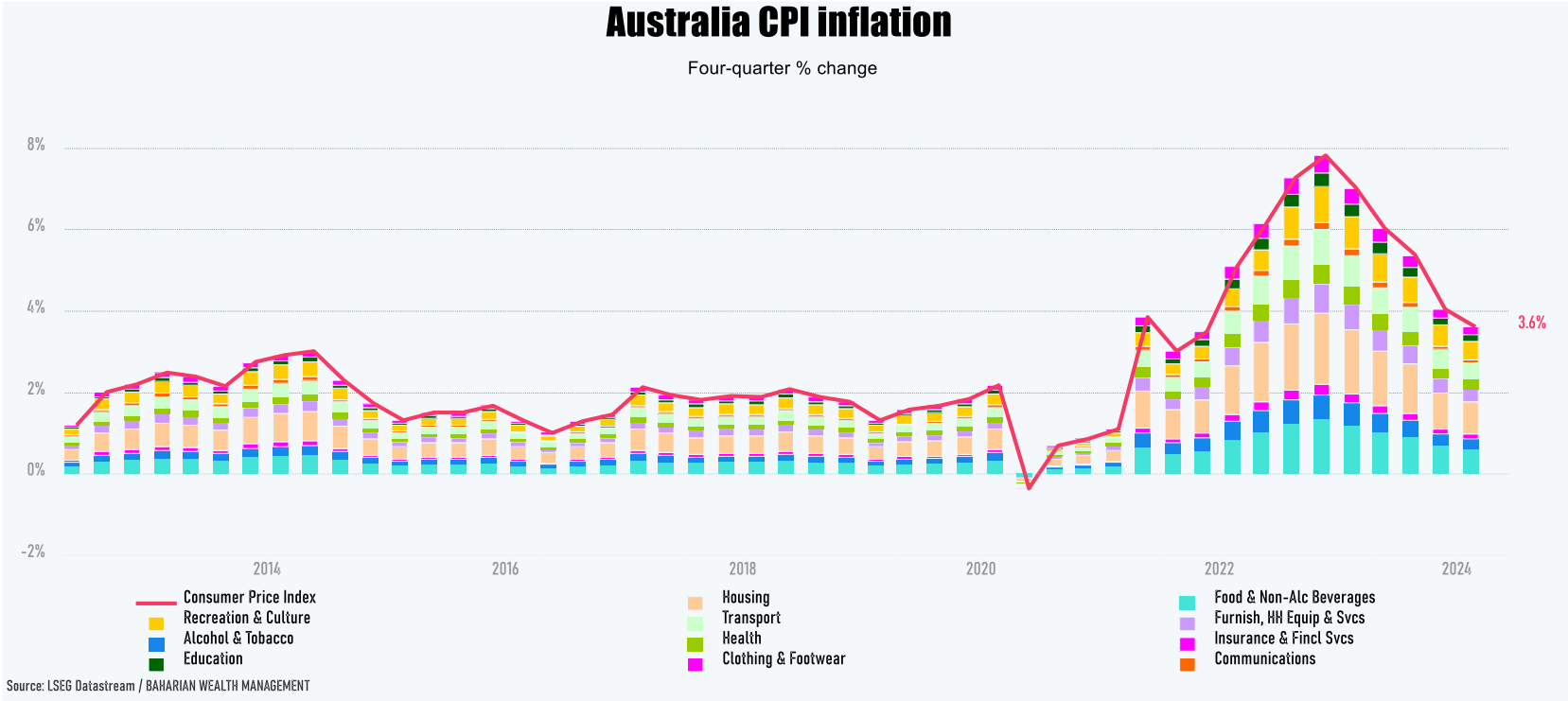
Global markets. *Hot topics*

Inflation is now back to around average levels.



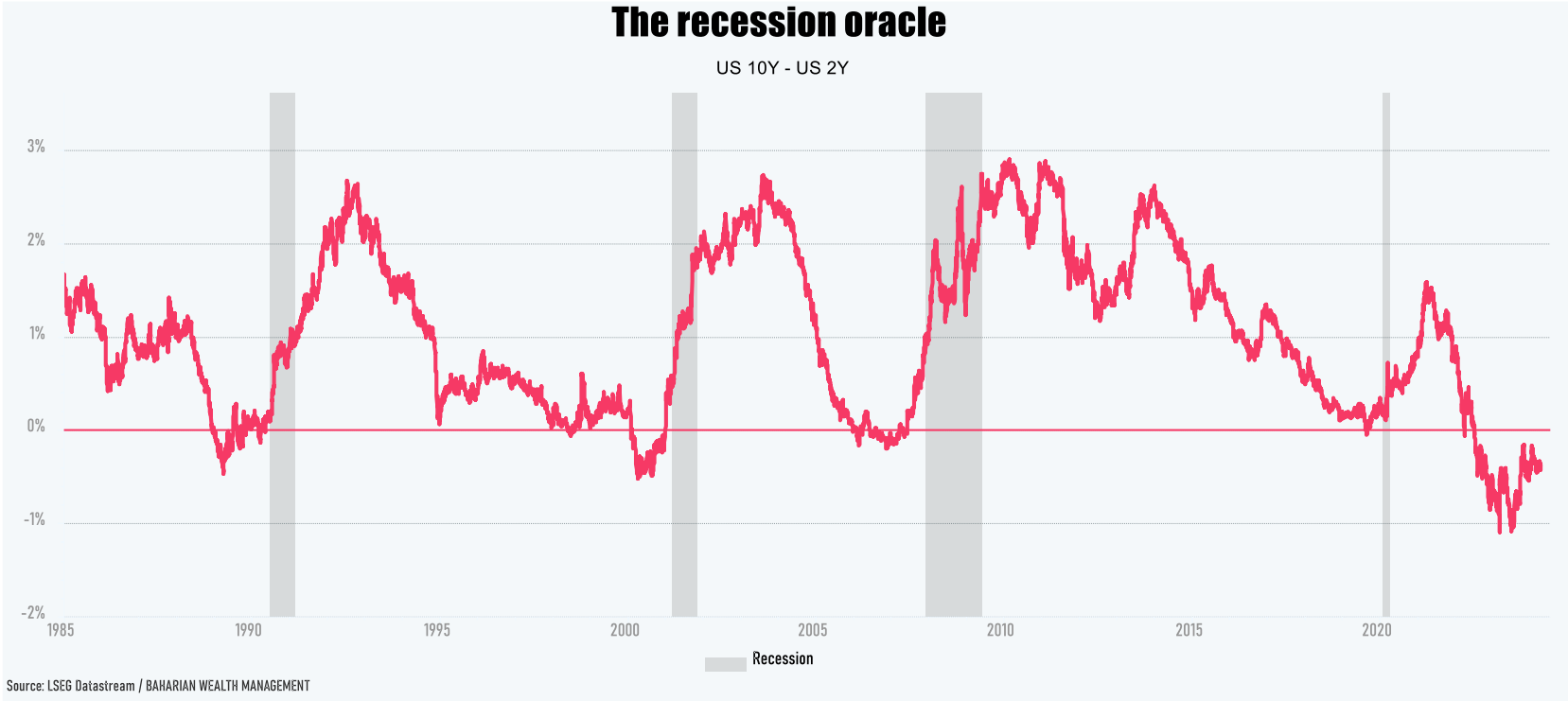
Global markets. *Hot topics*

Contributors to Australian inflation. Inflation falling in the same pattern as it rose.



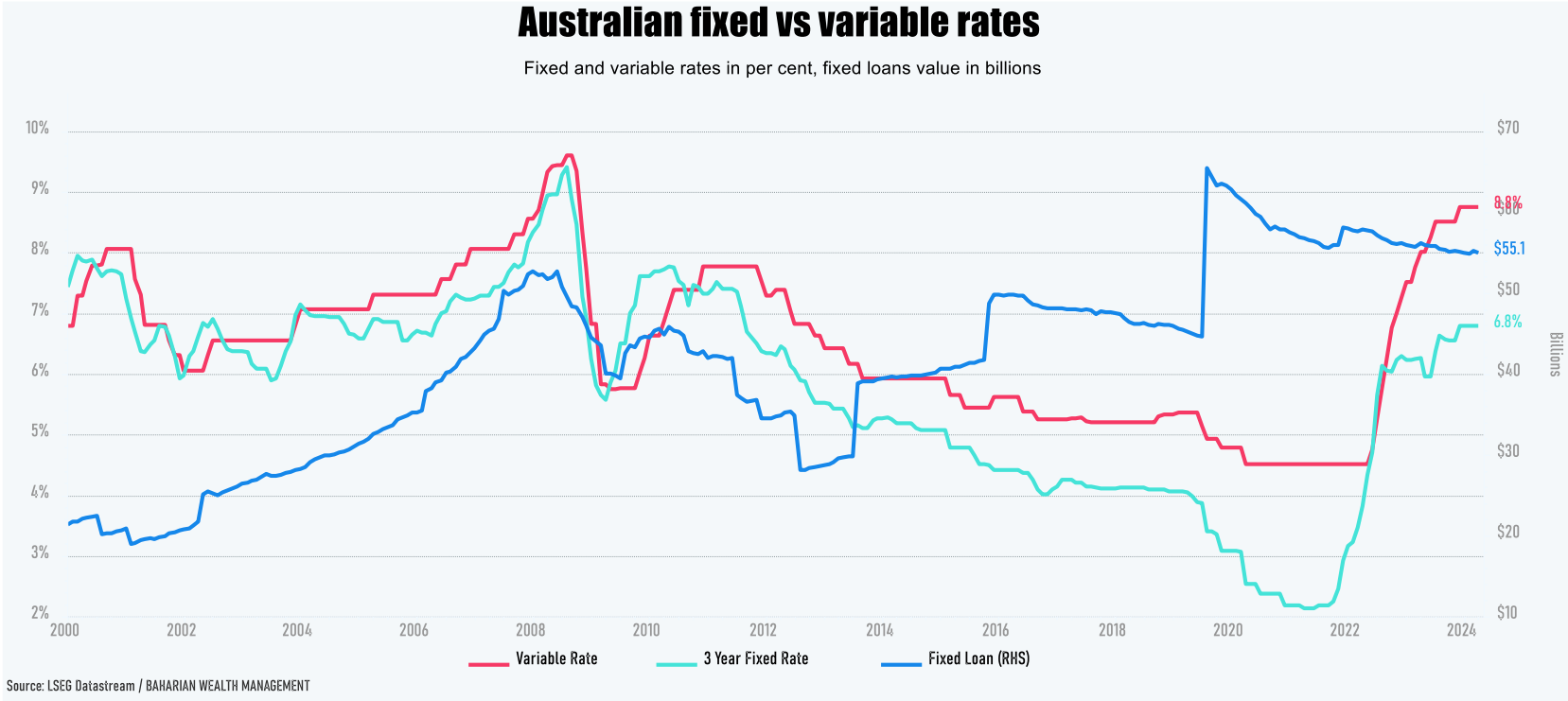
Global markets. *Hot topics*

We will eventually have the recession, however we're sometime away.



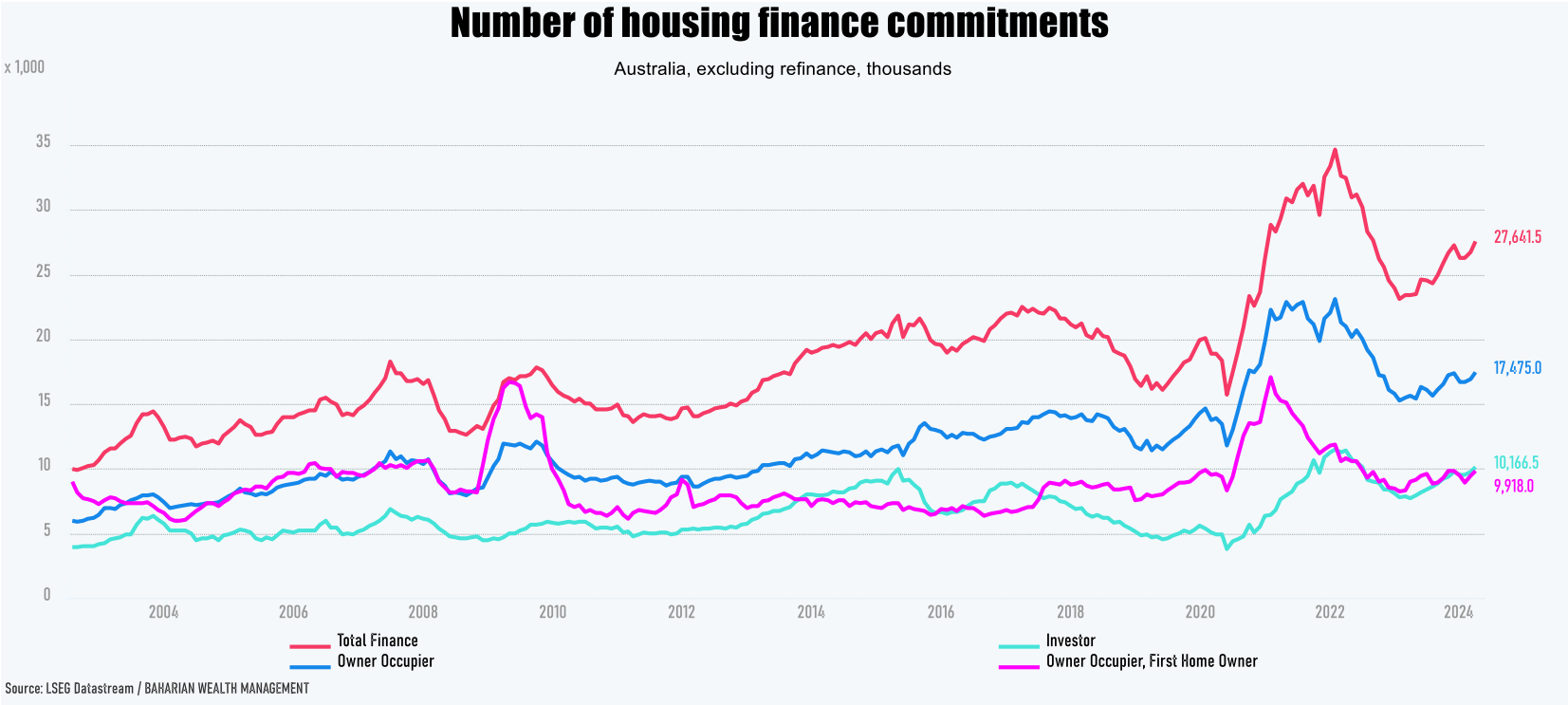
Global markets. *Hot topics*

Fixed rates appear to have peaked.



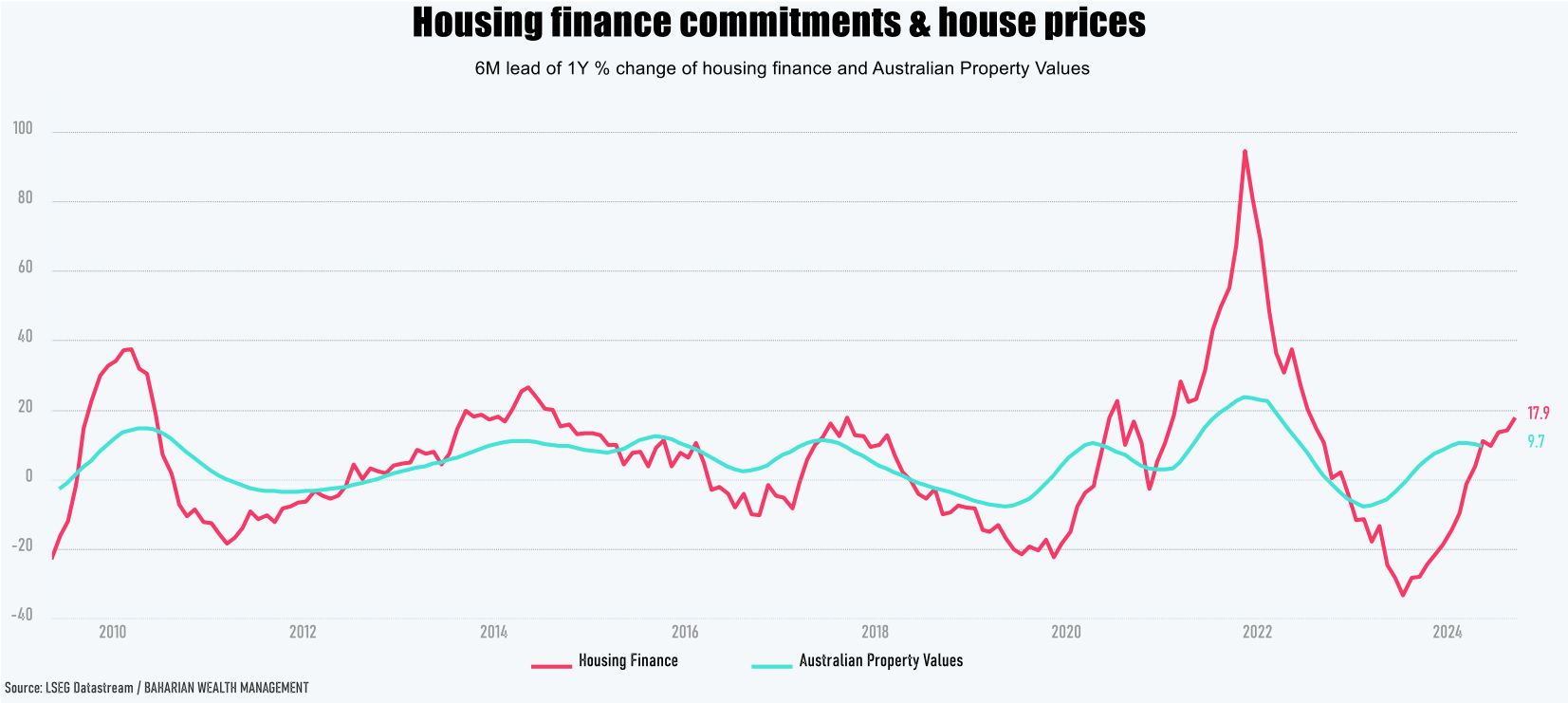
Global markets. *Hot topics*

Borrowing by Owner Occupiers continues to rise, while the investor market remains sluggish.



Global markets. *Hot topics*

Lending leads house prices by about 6 months – prices appear to have peaked and could turn.

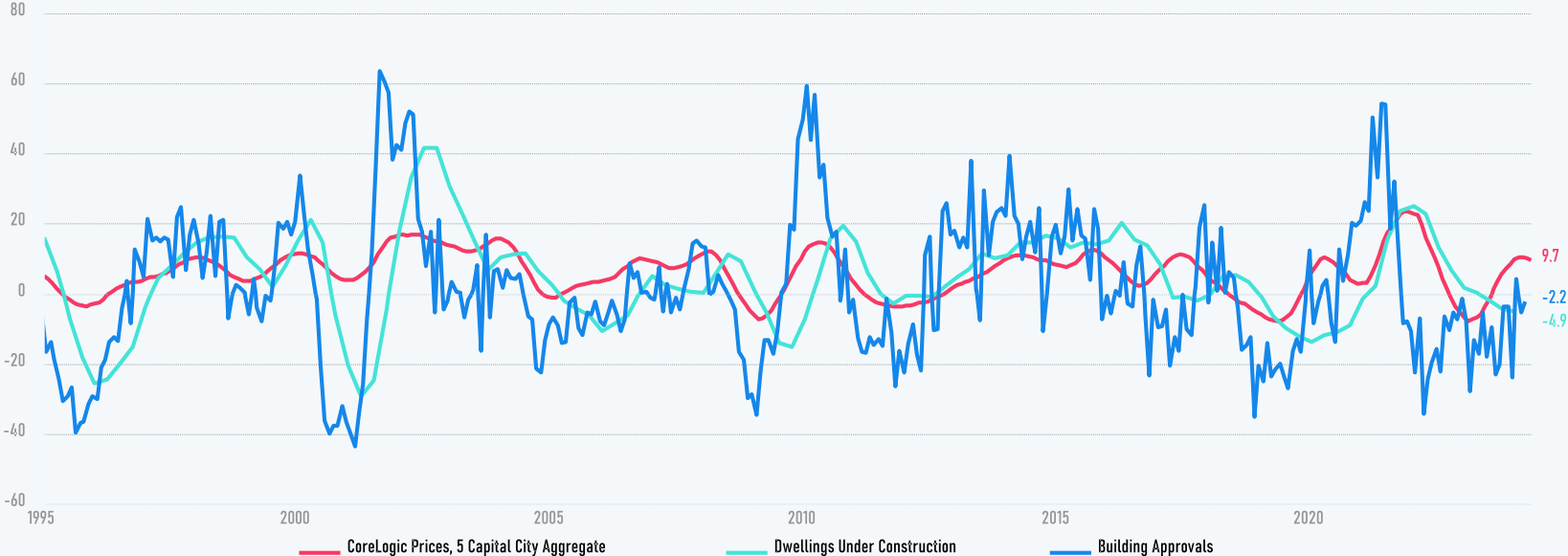


Global markets. *Hot topics*

Building approvals continue to remain volatile, although making higher lows. Prices appear to have peaked and turning (down).

Australia's property market - the state of play

Rebased, % change over 1 year



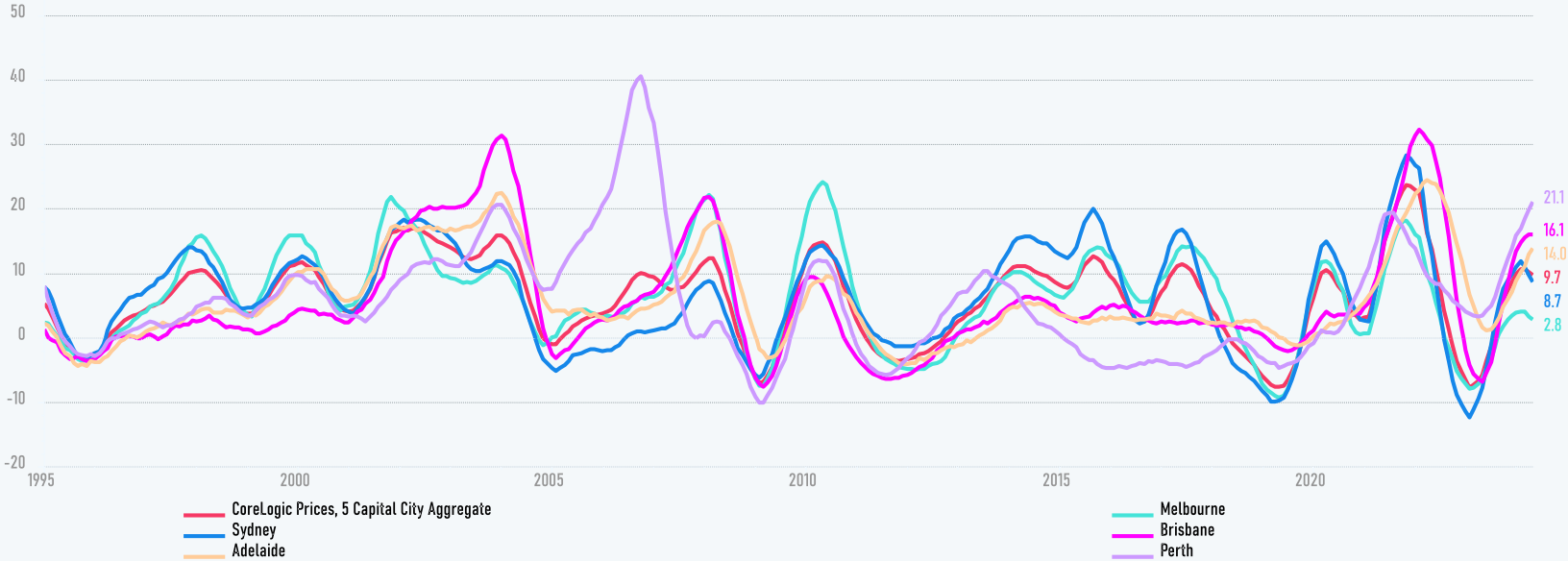
Source: LSEG Datastream / BAHARIAN WEALTH MANAGEMENT

Global markets. *Hot topics*

Melbourne and Sydney price have peaked and slowing. Brisbane is probably next, however Adelaide and Perth still rising.

Australia's property market - annual change

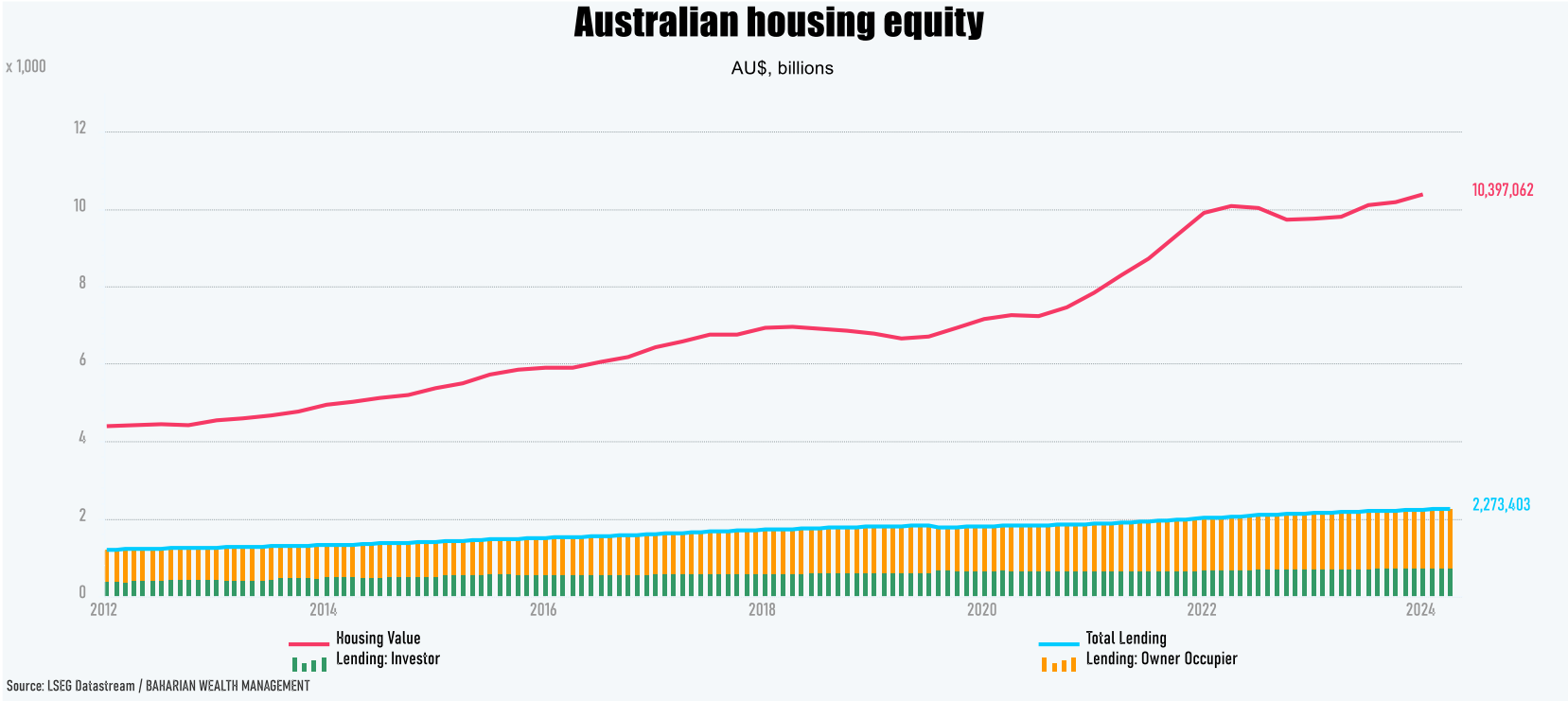
Price only, % change over 1 year



Source: LSEG Datastream / BAHARIAN WEALTH MANAGEMENT

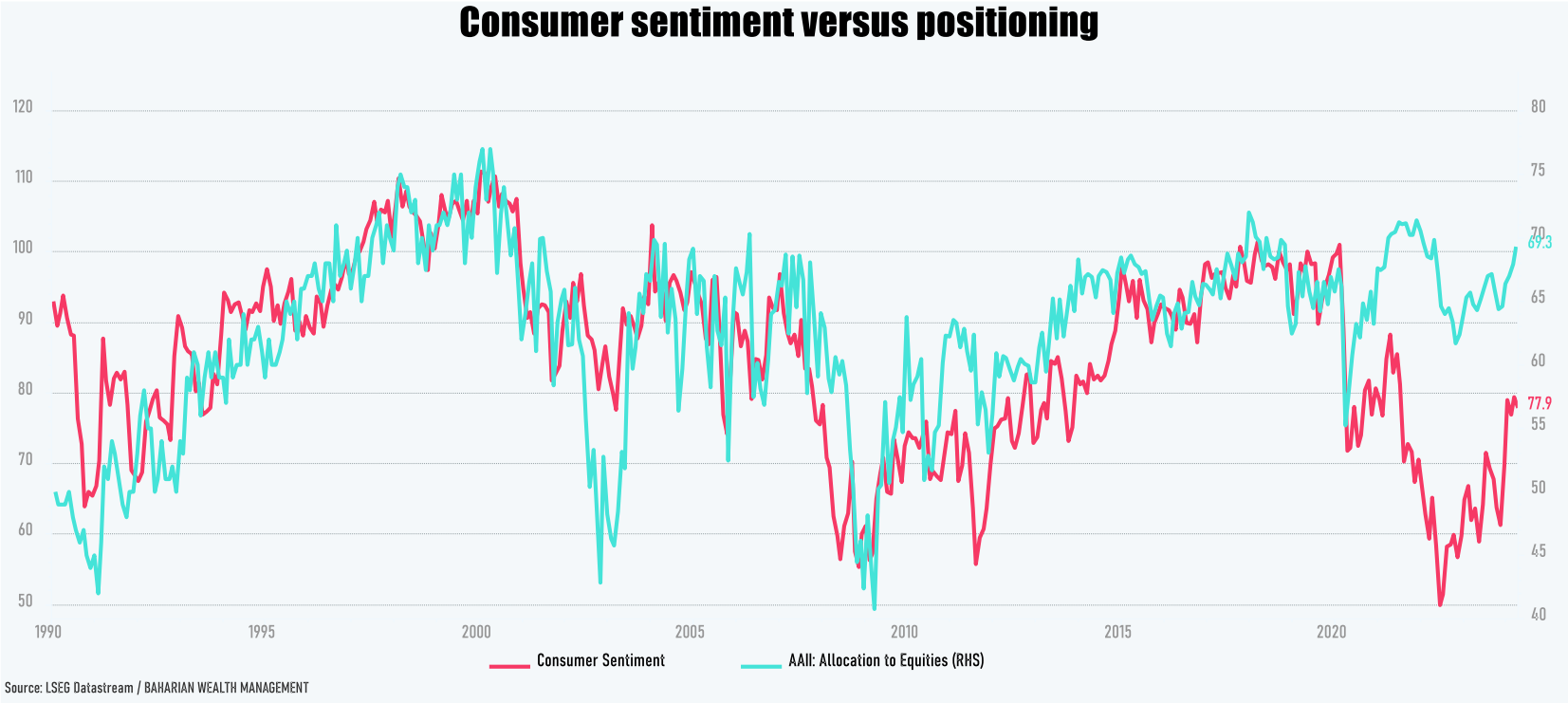
Global markets. *Hot topics*

The other side of the balance sheet is as, if not more important than debt – equity, an enormous gain.



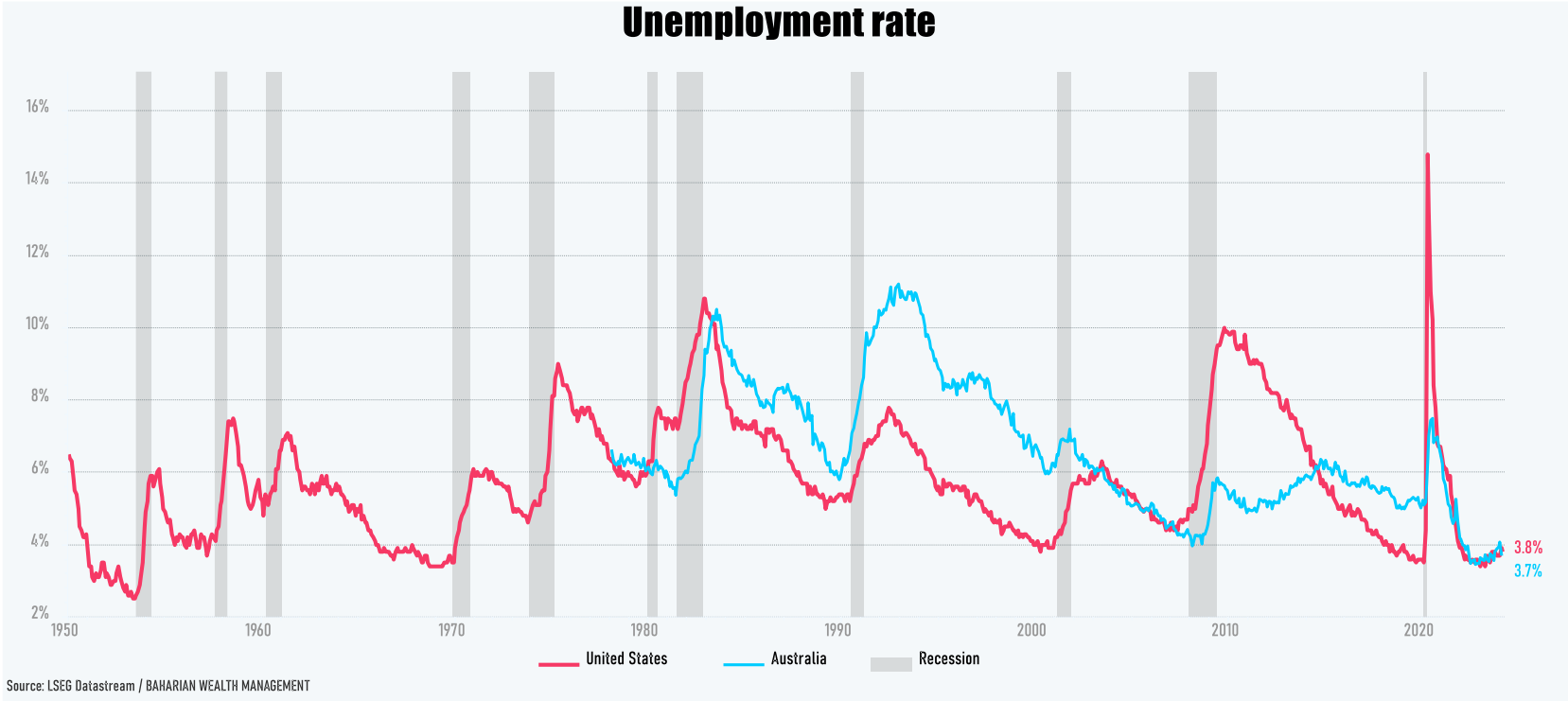
Global markets. *Hot topics*

Watch what consumers do, not what they say.



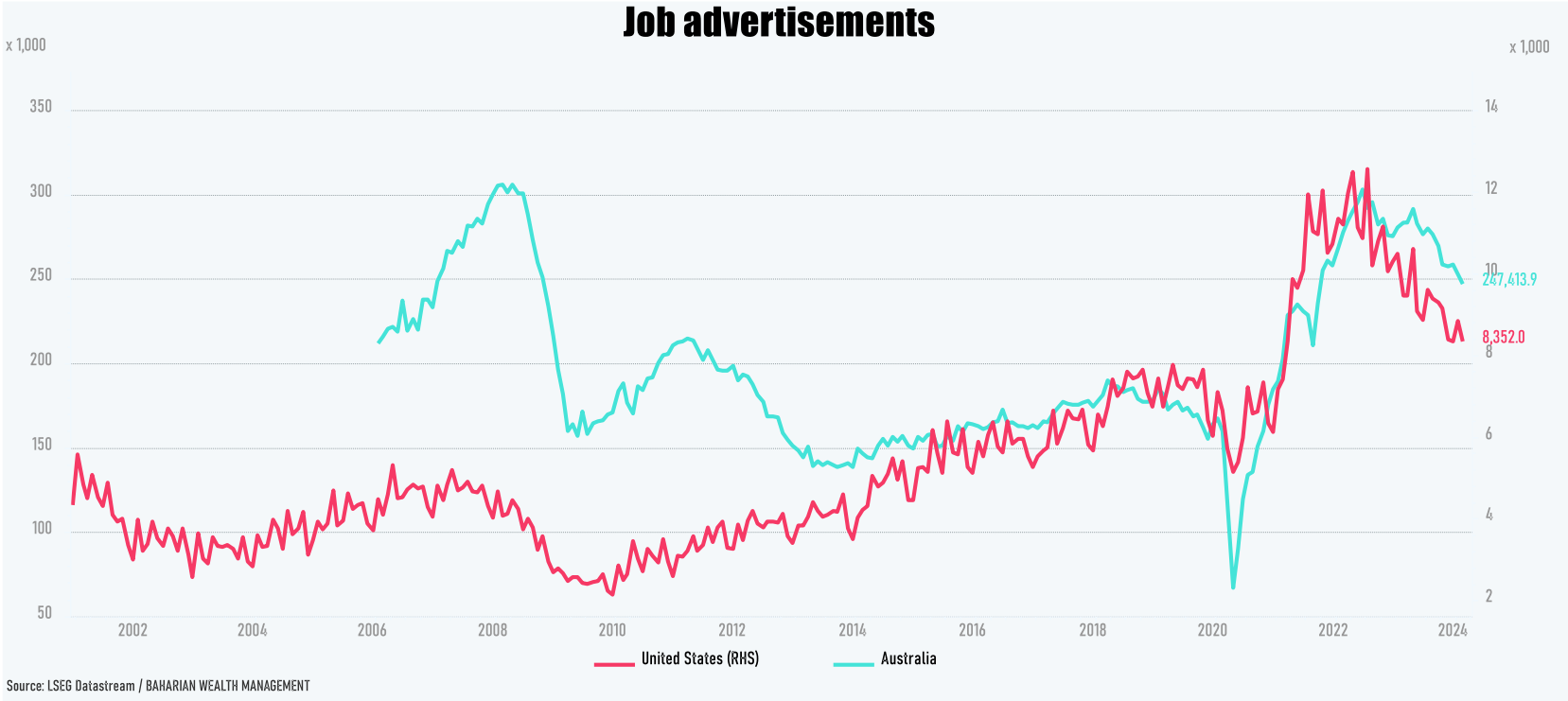
Global markets. *Hot topics*

One of the strongest job markets on record, however very slowly ticking up.



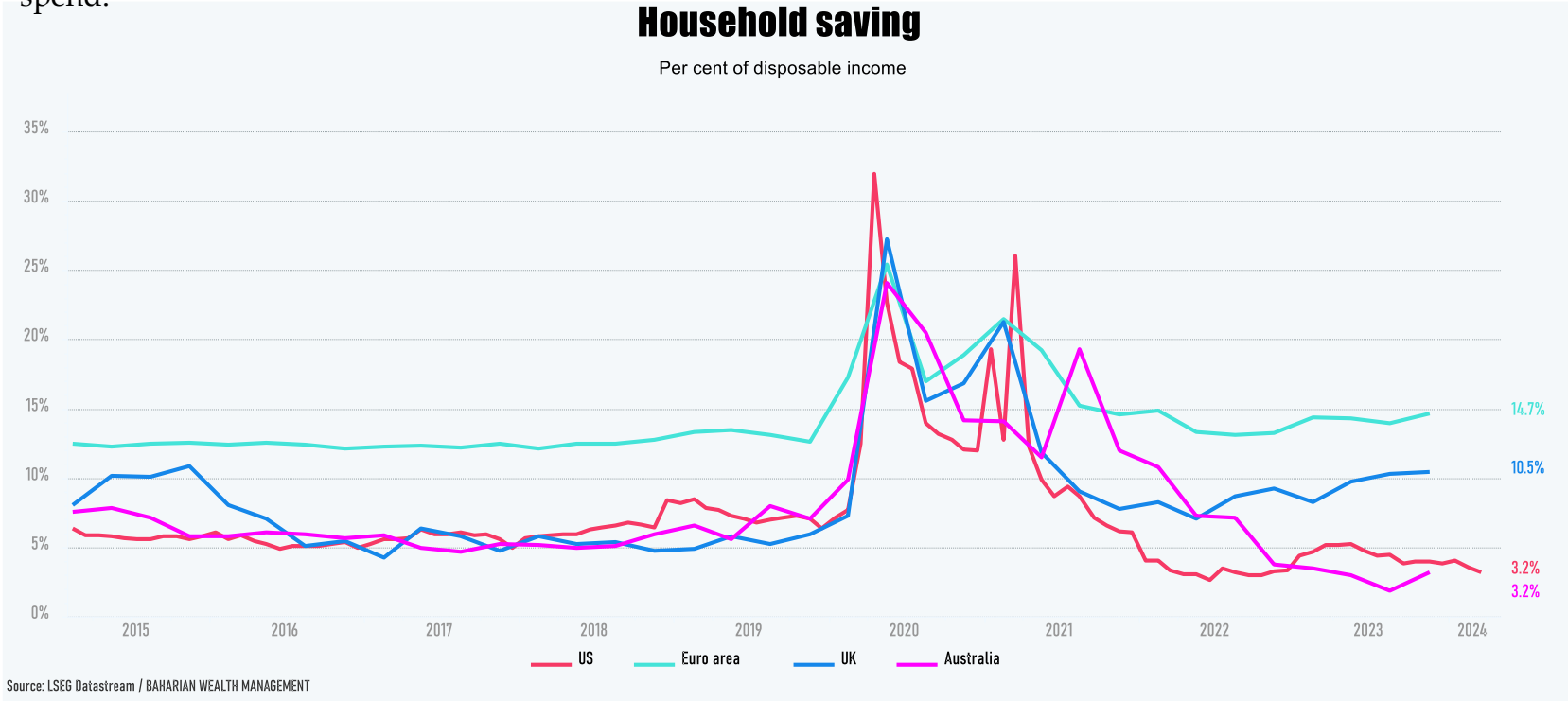
Global markets. *Hot topics*

US job advertisements dropping fast, and Australia following in the same direction.



Global markets. *Hot topics*

Household savings have fallen – US and Australia back down to pre pandemic levels, as consumers continue to spend.



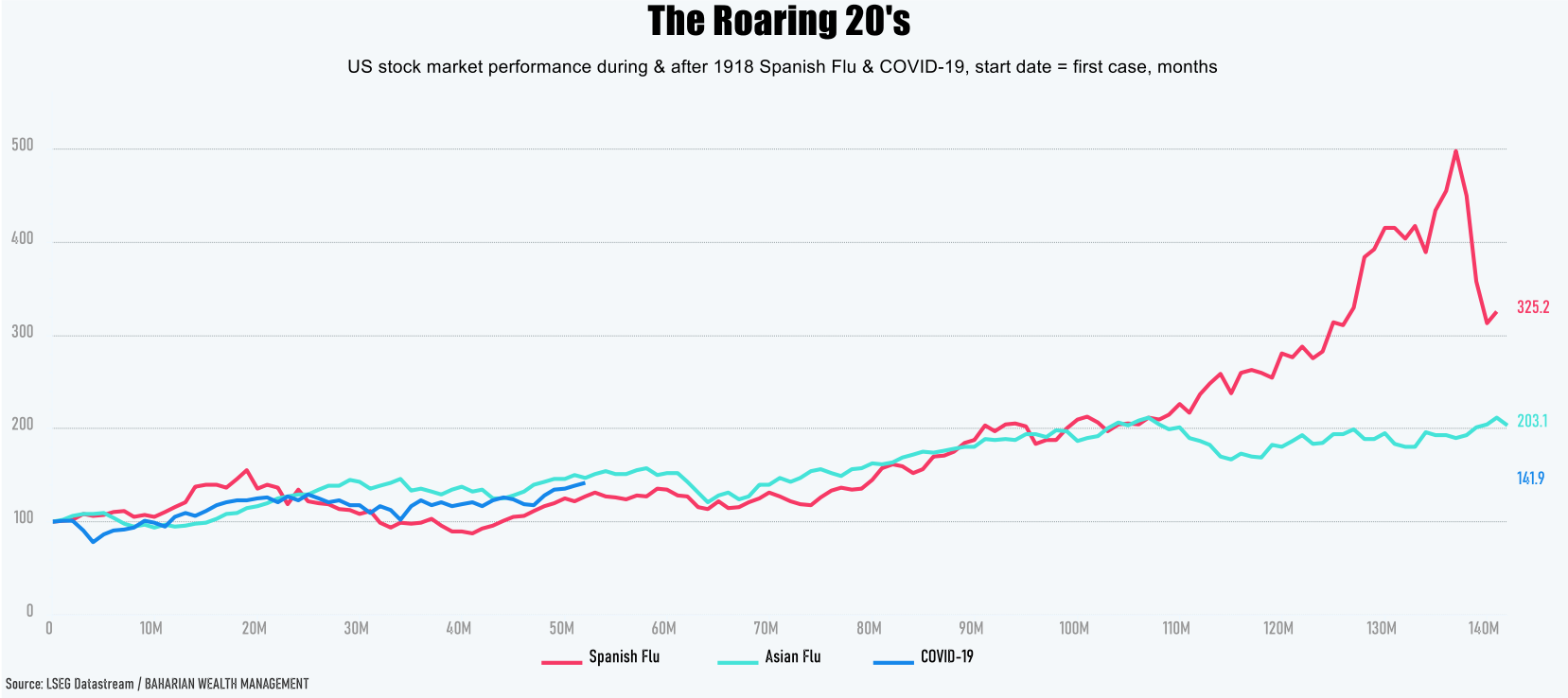
Global markets. *Hot topics*

The post COVID recovery continues to mirror the path of the 2009 recovery.



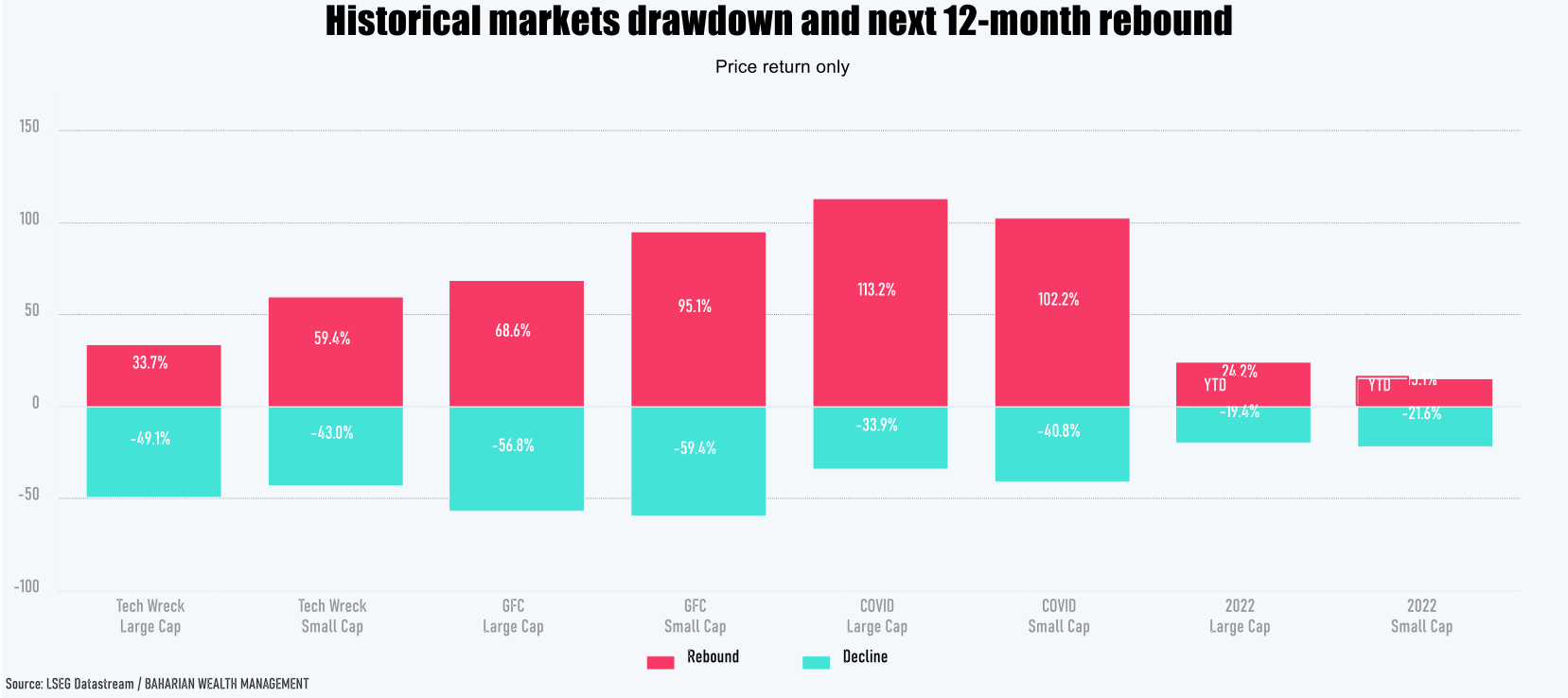
Global markets. *Hot topics*

We could be on track for a 1920's-like boom.



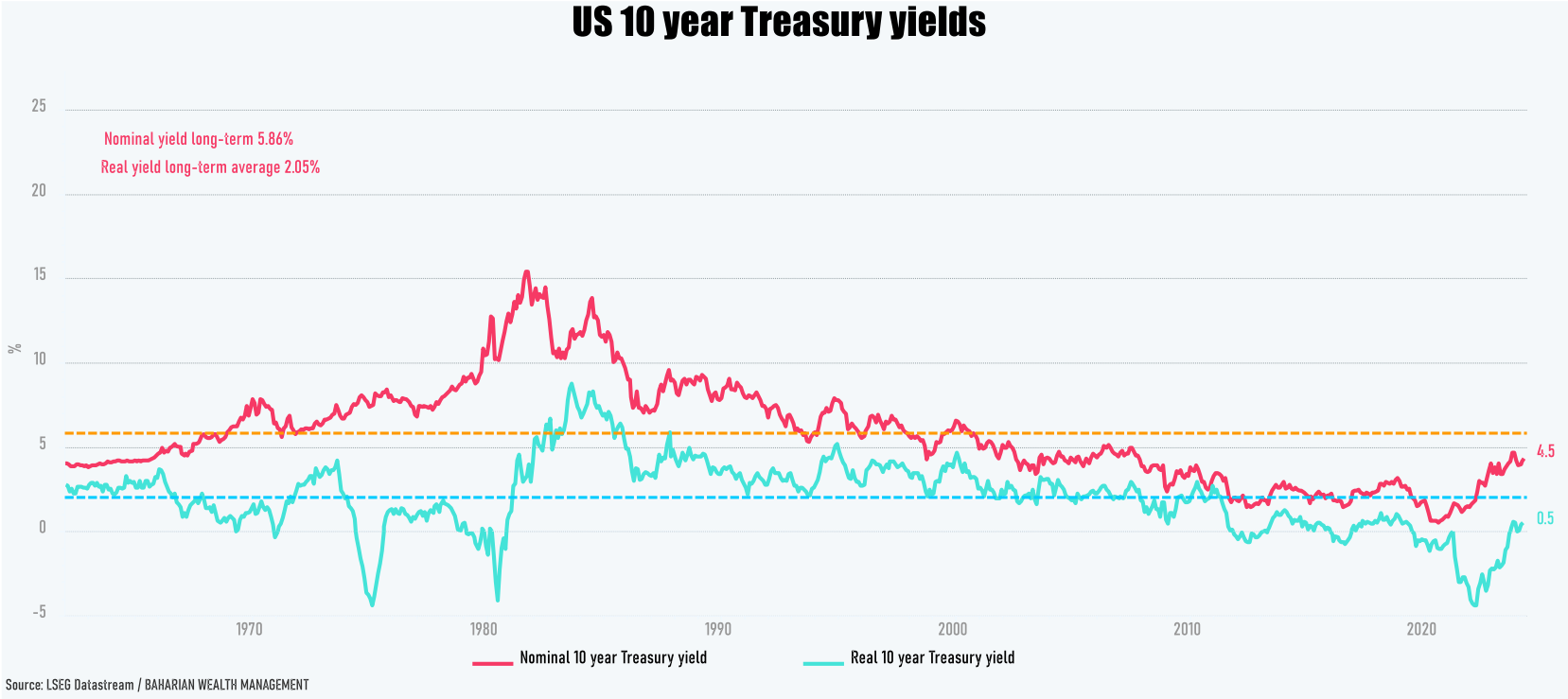
Global markets. *Hot topics*

Small & Large Cap drawdowns letting out the steam of the prior bull run.



Global markets. *Hot topics*

As inflation comes down, real yields are climbing from their 2022 lows.



Important information

Any reference to “DS” relates to the source of information: Data Stream.

Any reference to “Recession” relates to a United States Recession.

Any reference to “Fathom” and its “scenarios” relates to research completed by “Fathom Consulting” – a firm that provides bespoke, independent macro research and advice on the macro economy and financial markets to a number of the world’s leading corporate and financial institutions, governments and policy groups.

Some definitions:

FMPI (Fathom Macroeconomic Policy Indicator)

- Fathom’s Macroeconomic Policy Indicator (FMPI) weights together both fiscal and monetary policy to give an overall measure of the degree of macroeconomic stimulus in any given country.
- A positive score in the chart implies that policy is tight, and a negative score that it is loose. The FMPI is calibrated so that a reading of minus one implies that the stance of macroeconomic policy is sufficiently loose to boost growth in demand by one percentage point relative to growth in supply.

CMI (Fathom China Momentum Indicator)

- CMI 2.0 is based on ten alternative indicators for economic activity; some of those indicators include railway freight, electricity consumption, and the issuance of bank loans.
- Fathom has stated that in CMI 2.0, the calculation of the index avoids measuring construction activity, and instead focuses on shadow measures of economic activity. The consulting group says this allows the index to be “less prone to manipulation than the headline GDP figures.”

Important information (2)

Australia Consumer Survey of Melbourne Institute

- The Consumer Sentiment Index is calculated as the balance of optimism relating to five questions about the general economic outlook. The five questions include people's assessment of: 1. Current family finances compared to a year ago, 2. Family finances over the coming 12 months, 3. Economic conditions in Australia over the coming 12 months, 4. Economic conditions in Australia over the next five years and 5. Whether it is a good or bad time to buy major household items. Each question can be represented by an index that is equal to the per cent of optimists minus per cent of pessimists plus 100. The Consumer Sentiment Index is an average of the five component indexes. The Current Conditions Index is the average of question 1 and 5 above. The Consumer Expectations Index is the average of questions 2, 3 and 4. Westpac Banking Corporation, the University of Melbourne and the Melbourne Institute give no representation, make no warranty, nor take any responsibility as to the accuracy or completeness of any information contained herein and will not be liable in contract, tort, for negligence or otherwise for any loss or damage arising from reliance on any such information. The Westpac - Melbourne Institute Consumer Sentiment Index presents the results of a survey of over 1200 households together with the professional analysis and views of the Melbourne Institute.

Disclaimer

This material is prepared by Baharian Wealth Management and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell a financial product or any other security or to adopt any investment strategy we may have shared.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, or other purpose in any jurisdiction, nor is it a commitment from Baharian Wealth Management or any of its affiliates to participate in any of the transactions that may be mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, readers should make an independent assessment of the legal, regulatory, tax, credit and accounting implications and determine, together with their own professional advisers, if any investment mentioned herein is believed to be suitable to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

This material may contain forward-looking information (including projections and forecasts) that is not historical in nature. As such, there is no guarantee that any forward-looking information made will be realised. Hence, reliance upon information in this material is at the discretion of each individual reader. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice.

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be unlawful under the securities laws of such. Any distribution, by whatever means, of this document and related material to persons other than those referred to above is strictly prohibited.

For the avoidance of doubt, this material does not constitute investment advice or solicitation or an offer to buy or sell a financial product or any other security or to adopt any investment strategy we may have shared. Please note that all information provided within this presentation is of a general nature and does not take into account your current financial situation, needs or objectives. Before acting on any of the information you should consider its appropriateness, having regard to your own objectives, financial situation and needs. We recommend investors obtain financial advice specific to your situation and consider that specific information prior to making any financial investment or insurance decisions. While every care has been taken in the preparation of this presentation, Baharian Wealth Management (ABN 37 914 488 689 and AFSL 526798) makes no representations or warranties as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. Past performance is not a reliable indicator of future performance. This presentation has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs.

Investment across asset classes involves risk including possible loss of capital and investing in such asset classes referred to in this material involves various risks, including but not limited to risks related to liquidity, operations, counterparties, government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments. There is no guarantee that the investment objective of the fund(s) will be met over any time period, and due to the fragmented and highly speculative nature of the markets in which it is investing, invested capital is at risk.

© 2023 Baharian Wealth Management, Level 1, 10 Oxley Road, Hawthorn Victoria 3122. DRJB Pty Ltd (ACN 609 294 680) ATF DRJB Family Trust (ABN 37 914 488 689) trading as Baharian Wealth Management (AFSL 526798). All Rights Reserved.