CELEBRATING 20 YEARS

ARRIVE
WEALTH MANAGEMENT

MONTHLY MARKET UPDATE

March 2025

MONTHLY HIGHLIGHTS

- **Global markets remained volatile in March**, as investor sentiment was unsettled by ongoing US trade tensions and rising concerns about a potential global recession.
- **Australian shares declined, with losses across most sectors**. Technology companies were hardest hit as investors rotated into more defensive areas like utilities and safe-haven assets like government bonds. Smaller companies also underperformed, reflecting their sensitivity to global trade uncertainty.
- **International shares also weakened, particularly in the US**, where technology and consumer sectors fell sharply. Smaller global companies were similarly affected by the broader risk-off environment.
- **Fixed interest (bond) markets held up relatively well compared to shares**, supported by expectations of possible central bank rate cuts. Government bond yields remained steady as demand for safe-haven assets persisted amid ongoing tariff uncertainty.
- **Credit markets were generally stable, with investment-grade corporate bonds holding firm**. However, global high-yield bonds came under pressure as investors sought higher returns to compensate for increased risk.

Key Market Performance — Trailing Total Returns (%)

As of 31 March 2025	1 mth	3 mths	12 mths	3 yrs p.a.	5 yrs p.a.	10 yrs p.a.
Australian Shares						
Australian shares	**-3.4**	-2.8	2.8	5.6	13.2	7.1
Australian small-cap shares	**-3.6**	-2.0	-1.3	-0.8	10.2	6.3
International Shares						
International shares (hedged)	**-4.5**	-2.1	7.0	6.7	14.3	n/a
International shares	**-4.2**	-2.0	12.2	13.8	14.8	11.1
International small-cap shares	**-4.0**	-4.4	4.6	8.3	13.0	8.8
Fixed Interest & Cash						
Australian fixed interest	**0.2**	1.3	3.2	1.7	-0.5	1.8
International fixed interest (hedged)	**-0.4**	1.1	3.7	0.2	-0.5	1.7
Cash - bank bills	**0.3**	1.1	4.5	3.6	2.1	2.0

MARKET OBSERVATIONS AND OUTLOOK

The first quarter of 2025 saw a significant swing in investor sentiment. Optimism early in the year, driven by expectations of continued US market strength, quickly faded as escalating trade tensions and rising recession fears unsettled investors. After a strong start in January and early February, markets turned risk-averse, leading to steep declines in US shares and broad weakness across most developed markets, including Australia. Targeted government stimulus in regions such as Europe and Asia offered some support for investor confidence.

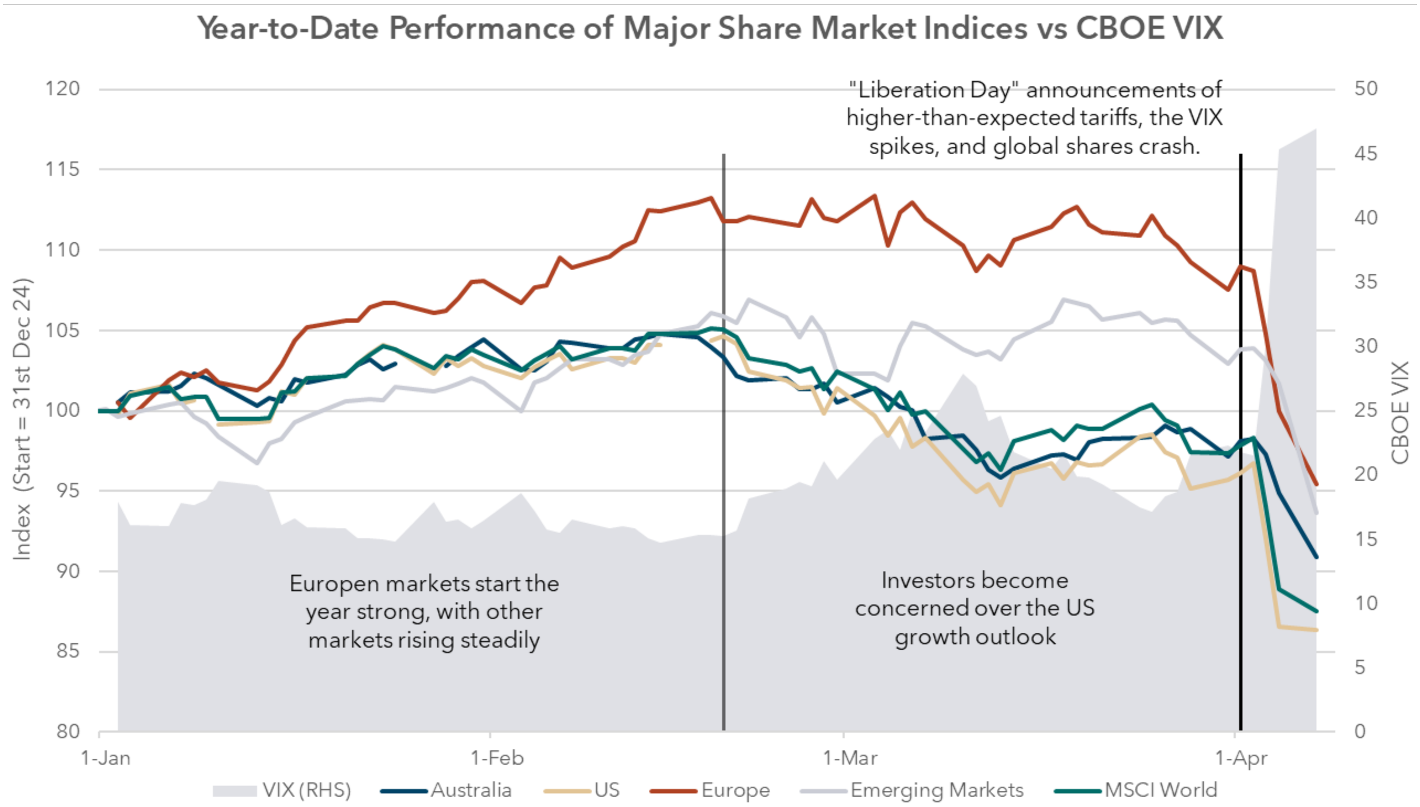
This shift is clearly shown in the chart below, which tracks major global share markets and the VIX — a key measure of market volatility. At first, European markets rallied strongly, and others climbed steadily. But from late February, sentiment turned. Concerns about US growth and potential tariffs dragged markets lower, while the VIX rose sharply. The sharpest drop came in early April on "Liberation Day", after President Trump. imposed higher-than-expected tariffs, sparking one of the worst days for global shares since the COVID-19 pandemic.

In contrast, bond markets held up well, supported by expectations of central bank rate cuts and demand for safe-haven assets. These gains provided valuable diversification during a turbulent time for shares, reinforcing the importance of a balanced approach.

As we move further into 2025, markets remain under pressure from geopolitical uncertainty, especially around US trade policy. New tariffs and weaker economic data have raised fears of a broader downturn. While volatility may persist, such periods often set the stage for future opportunities.

Share valuations are now nearer levels that have historically supported stronger long-term returns. However, it's too early to call a market bottom. We therefore recommend a neutral stance — holding steady exposure to growth assets like shares while monitoring developments closely.

There are still reasons for optimism. If trade tensions ease — whether through negotiation, legal action or policy changes — markets could rebound quickly. Should prices decline further, we're ready to increase exposure to growth assets.



Source: Evidentia/Bloomberg. Total return indices – Australia (S&P/ASX 200), US (S&P 500), Europe (Euro Stoxx 50), EM (MSCI EM), MSCI World (MSCI World)

This update has been prepared by Arrive Wealth Management (SEQ) Pty Ltd, trading as Arrive Wealth Management. Arrive Wealth Management is a Corporate Authorised Representative of Arrive Capital Pty Ltd ABN 24 641 636 535, AFSL 525758.

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