July 2025

Global equity markets rose in July, supported by resilient US data, signs of stabilisation in China, and stronger-than-expected Q2 earnings, with around 80% of US companies beating forecasts.

Your Multi-Asset Growth

Separately Managed Account

clime

About *your* Multi-Asset Growth
Separately Managed Account

Strategy Facts

The objective of the portfolio is to match or outperform the benchmark over rolling 6-year periods by providing a medium to high level of capital growth and medium to low level of income through exposure to a diversified portfolio of growth and defensive investments.

Strategy Benefits

The portfolio is expected to have short-term fluctuations in value given its allocation to more growth-based investments.

The managed account structure ensures faster portfolio implementation and rebalancing, avoiding delays in timing – an advantage during volatile market conditions

Will Riggall
Chief Investment Officer

Strategy Features

- The long-term average exposure to growth assets (including shares, property and alternatives) is expected to be approximately 70% growth and 30% in defensive assets (including cash and fixed interest).
- This is a growth-oriented portfolio with a smaller allocation to defensive assets which should slightly reduce the shorter-term fluctuations of the portfolio's value
- Suited to investors who can accept a significant risk of a negative return in any one year in return for higher returns over the longer term.

Risk Management

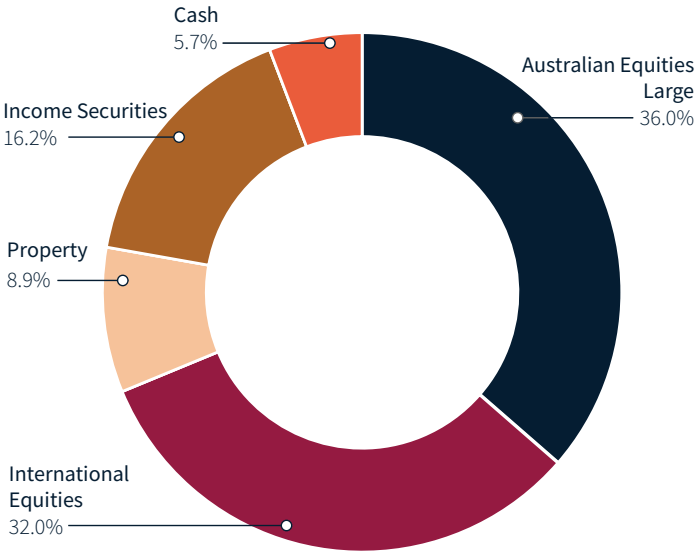
The portfolio is intended to be a high risk investment. Growth and defensive asset allocations are actively managed according to market conditions and in line with the portfolio's investor risk profile.

Clime's investment process seeks to mitigate risk by undertaking ongoing portfolio alignment reviews to ensure investments and asset allocation continue to match return objectives and the portfolio's investor risk profile.

Top 5 Holdings

Investment	Weight
Vanguard MSCI Index International Shares ETF	11.7%
Vanguard MSCI Index International Shares (Hedged) ETF	8.7%
Cash	7.0%
VanEck MSCI International Quality ETF	6.2%
Global X US Treasury Bond (Currency Hedged) ETF	5.2%

Active Allocation



Note: the sum here may not add up to 100% due to rounding

Performance

	1 Month	3 Months	6 Months	1 Year	Since Inception#
Net Portfolio Return*	2.7%	7.4%	3.7%	8.4%	6.7%
Benchmark^	1.7%	6.6%	4.1%	10.6%	7.4%

* Portfolio net return is based on the change of the unit price including distributions and franking.

^ Benchmark refers to Morningstar Australia Balanced Target Allocation NR AUD.

\# Portfolio inception date March 2022, benchmark inception date June 2021.

Market Commentary

Global equity markets advanced in July, responding positively to resilient US economic data, signs of a bottoming in the Chinese economy, and better-than-expected US Q2 reporting season results with around 80% of US companies beating Q2 consensus forecasts.

The MSCI World Equity Index gained +1.2%, with the tech heavy NASDAQ Composite Index (+3.7%) leading gains as mega-cap US technology stocks confirmed strong revenue growth leverage to the AI thematic. The US S&P500 gained +2.1% while the Russell 2000 Small Cap index gained +1.6%.

In Australia, the ASX200 finished July up 2.3%. Improving China sentiment was clear in the performance of the Australian resource sector, with the ASX300 Metals & Mining Index gaining +4.2% over the month. Rotation was apparent domestically, with capital cycling from Australian banks to resources.

Australian small companies outperformed, the ASX Small Ordinaries Index rising +2.8%. Australian retail sales surprised to the upside, while a lack of profit warnings ahead of the FY25 reporting season in August supported sentiment.

Asian equities outperformed, led by South Korean (+5.6%) and Chinese equities (MSCI China +4.5%), with the region attracting support as cheap valuations combined with tariff certainty and increasing expectations of large-scale infrastructure investment from Beijing.

IMF Upgrades Forecasts

The International Monetary Fund upgraded its global growth forecast amid signs that Trump's trade war will do less damage to the world economy than initially feared, with a weaker greenback cushioning the impact of tariffs on US trading partners.

The Fund's updated World Economic Outlook shows that global growth is expected to be 3% this year and 3.1% in 2026, up from earlier projections published in April of 2.8% and 3%, respectively.

The world's two largest economies, the US and China, both also received upgrades as did Australia. The IMF's chief economist said that he saw a "tenuous resilience" in the global economy despite the chaotic rollout of steep tariffs on US trading partners in recent months. He added that growth was less affected because many of the levies were ultimately not as severe as originally planned.

The US Reporting Season

The stock market relief rally continued in July, having started with the announcement in April of the 90-day tariff negotiation period. More tariff agreements have since been reached, most notably with China and the European Union. The US economic recovery in the second quarter further supported investment sentiment with US GDP recovering from -0.5% to +3.0%.

Two thirds of the S&P 500 constituents have reported their second calendar quarter results at the time of writing, with Revenue and Earnings growing +6% and +9% respectively. The weak US dollar has, for the first time since 2022, become a tailwind for US corporate earnings. Furthermore, operational efficiencies continue to improve, particularly in technology-related businesses. Lastly, it has become clear that AI activity is increasing at a rapid rate, to the benefit of those showing their active participation in AI, and reflecting in share prices.

Aggregate S&P 500 year/year EPS growth is tracking at 9% for 2Q, above the consensus estimate of 4% growth at the start of the earnings season. Strong guidance has helped drive a broad-based increase in analyst earnings estimates, and 56% of companies providing full-year EPS guidance have lifted guidance this quarter.

Commentary from 2Q earnings calls to date has reflected corporate confidence in the ability to mitigate the impacts of tariffs on profits, with strategies including managing supply chains, increasing prices, and cutting other costs. Of companies discussing the impact of tariffs on their businesses, 27% explicitly stated they now expect the profit headwind from tariffs to be smaller than their previous estimate.

Australia

In Australia, the 12-month CPI inflation rate is back to 2%, however the RBA's preferred 'trimmed mean' measure is higher at 2.7%. These numbers have been artificially depressed by temporary government power and rent subsidies, and the RBA has made it clear it will look through such effects in its analysis. While the RBA resisted market expectations to cut rates at its July meeting, we expect a rate cut in August.

Unemployment in Australia has been rising slowly but steadily over the past year, and is now up to 4.3%. This is still a low rate, and below the RBA's theoretical non-inflationary rate of unemployment (NAIRU) of 4.5%.

'Participation rates' (the number of people in the workforce as a percentage of working age population) are at record highs, but this is almost entirely due to expansionary government-related hiring. The government sector has been expanding, while the private sector is struggling with previous rate hikes inhibiting revenues and raising financing costs. With the latest data, rising unemployment and falling inflation are sufficient for the RBA to make another rate cut at its next meeting on 11-12 August.

Bond Markets, Currencies and Commodity Prices

Bond yields rose at the long end, reflecting fears of higher inflation ahead. Global growth, spending, and employment all remain reasonably strong – defying predictions of slowdowns and recession.

Global bond markets experienced modest losses in July. In the United States, the 10-year Treasury yield rose slightly to 4.37% (+0.13), and in Australia bonds ended the month at 4.30% (+0.18).

The AUD/USD exchange rate closed the month at US$0.642, a fall of around 2%.

Commodities markets were generally positive, with oil and gold easier. Iron ore was boosted by the much-awaited Chinese stimulus. Crude Oil prices experienced volatility due to the Middle East conflict, and Brent fell almost 10% alongside the easing of tension with Iran following the "12 Day War". Brent stabilised around the US72/Bbl level. Gold prices eased amid reduced demand for safe-haven assets, and ended the month slightly lower at US$3,294/t.oz. Iron ore prices were surprisingly firm, up around 6% to US$99/T, largely due to signs of stimulus form China.

Conclusion

Another month of solid gains on global share markets across almost all industry sectors and countries, despite President Trump's unpredictable tariff deals. Inflation continues to ease, but central banks remain cautious and reluctant to cut rates further until they fully understand the impact of tariffs on inflation. In summary, July 2025 was marked by consolidation and cautious optimism in financial markets as investor sentiment became more relaxed about the impact of tariffs, corporate resilience and hopes of central bank interest rate cuts.

Portfolio Commentary

The Clime Multi-Asset Growth portfolio returned 2.7% for the month of July, outperforming its benchmark which returned 1.7%. The key drivers of portfolio performance and major portfolio changes are outlined in the tables below.

Positive Attributors	Comment
Vanguard MSCI Index International Shares ETF (VGS.ASX)	The Vanguard MSCI International Shares ETF (VGS) was a key contributor in July, benefiting from strong performance in global developed market equities, particularly the U.S. technology sector.
CSL Limited (CSL.ASX)	CSL was a positive contributor to performance during July, driven by supportive financial results from peer companies and several broker research reports hinting at the prospect of CSL announcing a large cost saving program at its upcoming August result.
Negative Attributors	**Comment**
Macquarie Group, Ltd. (MQG.ASX)	MQG detracted in July after reporting a softer than expected operating update, driven by lower trading activity in its Commodities and Global Markets division. While Banking and Macquarie Capital performed better, the outlook appears more cautious given the mixed divisional performance and announced key management changes.
Commonwealth Bank of Australia (CBA.ASX)	Following a period of continued strength, CBA underperformed the broader market in July as investors took the opportunity to lock in profits and redeploy the proceeds into opportunities presenting greater upside and more attractive fundamentals.

Portfolio Activity

Buy	Rationale
Woolworths Group Ltd (WOW.ASX)	During the month we increased the portfolio position in WOW. We retain the view that recent underperformance is attributed to short-term factors negatively influencing margins and earnings, however, appropriate steps are being taken by management to reinvest back into its core supermarket division, rectify customer perception and regain market share. Its valuation remains undemanding relative to history and the market, which presents a key re-rating catalyst as earnings momentum turns positive.
Sell	**Rationale**
Commonwealth Bank of Australia (CBA.ASX)	Following a period of significant outperformance, we reduced our position in CBA taking the opportunity to lock in profits and redeploy the proceeds into opportunities presenting greater upside and more attractive fundamentals.
Ampol Limited (ALD.ASX)	Since adding to our position in ALD on 10 April, its shares have since risen 20%. Accordingly, we have decided to take some profits in the position and reduce the holding to a normal weighting. ALD remains a core position in the portfolio in recognition of the company's strong suite of assets and management's strategy of returning cash flow to shareholders.

All statistics referenced are sourced from the named Company's ASX announcements or share prices unless otherwise stated.

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