

# Quarterly Market Report

## December 2024

### Quarter in review

#### Global equities

Global equity markets performed robustly during the December quarter, buoyed by Trump's election and supportive monetary policy. In the United States, the Federal Reserve (Fed) initiated its first interest rate cut in four years in September. This momentum continued into the current quarter with two additional consecutive rate cuts in subsequent meetings, resulting in a reduction of 0.50% over the quarter to 4.50%. These rate cuts were implemented as the labour market weakened and inflation fell towards the Fed's target. Fed Chair Jerome Powell emphasized the need for ongoing support to sustain economic momentum while navigating potential risks from geopolitical tensions and trade uncertainties. The European Central Bank (ECB) also cut interest rates by 0.50% over the quarter to stimulate its economy. Also over the quarter, the Eurozone experienced an increase in inflation, reaching 2.4% in December 2024, up from 2.2% in November, marking the highest inflation rate since July. ECB President Christine Lagarde reiterated a commitment to a data-driven approach for future monetary policy decisions, indicating that any adjustments would depend on economic performance metrics. In Australia, the Reserve Bank of Australia (RBA) opted to keep interest rates steady at 4.35%, citing ongoing inflationary pressures above their target range. The RBA's cautious approach reflects a broader global trend of central banks balancing inflation control with economic growth support. Both the MSCI All Country World Index ex Australia (hedged to the Australian Dollar, net) and the S&P500 Index (net) ended the quarter positively, returning 1.24% and 2.31%, respectively, driven by favourable global economic data and monetary policy easing. In Australia, the S&P/ASX200 Accumulation Index underperformed, returning -0.80%.

#### Global fixed interest and cash

Global 10 year bond yields rose over the quarter led by the US, where concern about the potential impact of tariffs and deficits saw the curve steepen even as policy rates were cut. The Australian and US 10-year bond yields rose 0.39% and 0.79% respectively, ending the quarter at 4.36% and 4.57%. Elsewhere, the 10-year Japanese Government bonds increased by 0.24% ending the quarter at 1.10%.



#### Public Trustee of Queensland Growth Trust returns

(net of fees) for quarter ended 31 December 2024

3 Month Actual Return	<b>1.40%</b>
12 Month Actual Return	<b>11.49%</b>
3 Year Annualised Return	<b>4.53%</b>
5 Year Annualised Return	<b>4.90%</b>
7 Year Annualised Return	<b>4.94%</b>
10 Year Annualised Return	<b>5.47%</b>

Past performance is not a reliable indicator of future performance. Returns assume reinvestment of all distributions. Effective 7 April 2017, the investment strategy is to invest in the QIC Long Term Diversified Fund (formerly known as the QIC Growth Fund).

#### Public Trustee of Queensland Growth Trust

as at 31 December 2024

Commencement date  
**10 July 1996**

Fund size \$ million  
**220.0**

Buy price \$ (post distribution)  
**0.963740**

Sell price \$ (post distribution)  
**0.962681**

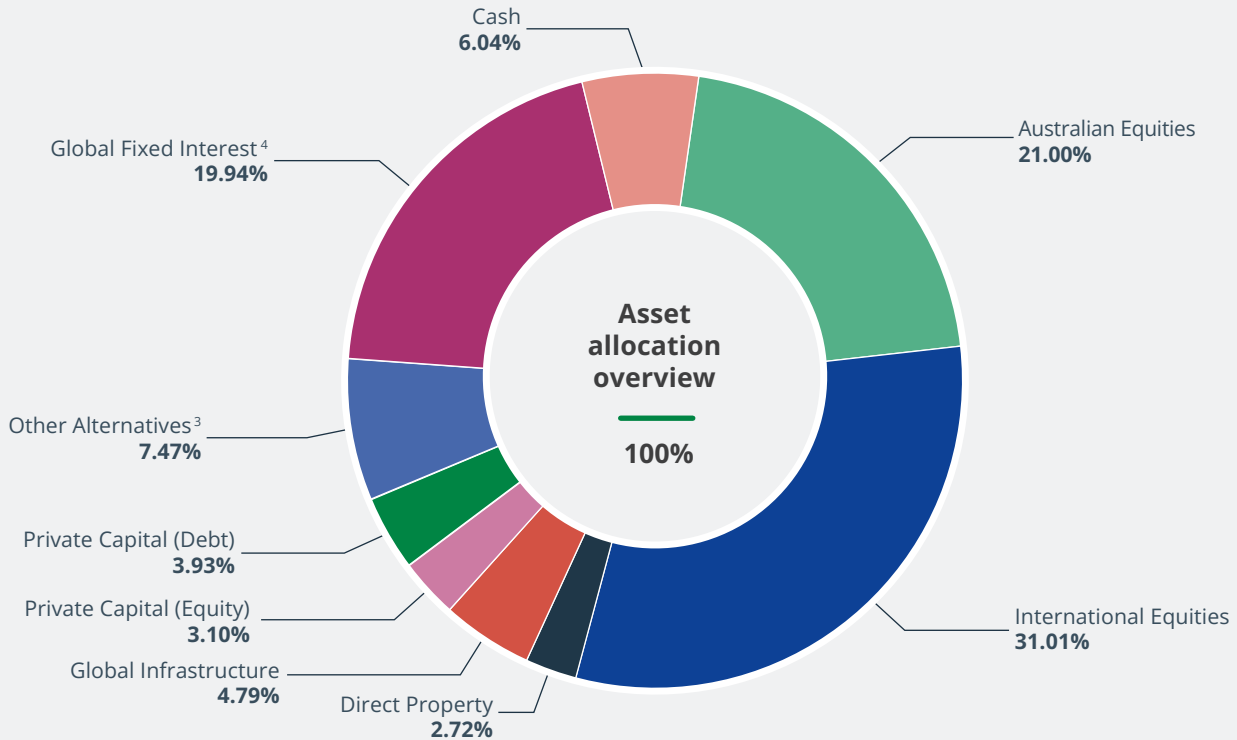
Distribution (cents/unit)  
**0.294626**

The investment objective of the PTQ Growth Trust is to generate average returns (net of fees and costs) of CPI + 1.9% p.a. over rolling five year periods.

## Asset allocation<sup>1, 2</sup>

as at 31 December 2024

**Asset allocation:** The Public Trustee of Queensland Growth Trust (Growth Trust) currently gains exposure to the various asset classes and investment sectors by investing in the QIC Long Term Diversified Fund and, may in the future, invest in the QIC Diversified Australian Equities Fund (QIC Funds). Liquidity for the Growth Trust is managed with an investment in the range of approximately 0.0% to 1.0% of the Growth Trust's assets in cash. The Growth Trust is a managed investment scheme that invests, indirectly, through the QIC Funds, in a diversified portfolio of assets including Australian and international shares, fixed interest, property, infrastructure, private equity, private debt, alternative assets and cash.



1. The Public Trustee of Queensland Growth Trust gains investment exposure to the above asset classes by investing in the QIC Funds and cash. These ranges are determined by QIC and can and do change from time to time.
2. The QIC Funds' exposure to the asset class may be by direct or indirect ownership of the asset or exposure to the asset via derivative instruments.
3. May include investments in real assets such as Timber, Commodities, and Natural Resources.
4. Global fixed interest and credit exposures can be reported at various interest rate and credit spread durations respectively which will directly determine the volatility experienced. For example, if the interest rate duration target is 10 years, a 2% notional exposure to a fixed interest security with a duration of 8 years is reported as a 1.6% exposure. Similarly if the credit spread duration target is 5 years, a 2% notional exposure to credit with a duration of 3 years is reported as a 1.2% exposure. The QIC Long Term Diversified Fund defines and reports its fixed interest exposure in terms of 10-year interest rate duration and its credit exposure in terms of a 5-year credit spread duration. The QIC Long Term Diversified Fund may also contain inflation exposures, which may be implemented via either physical and/or synthetic instruments.

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