

2017: year in review

A very rewarding year for investors

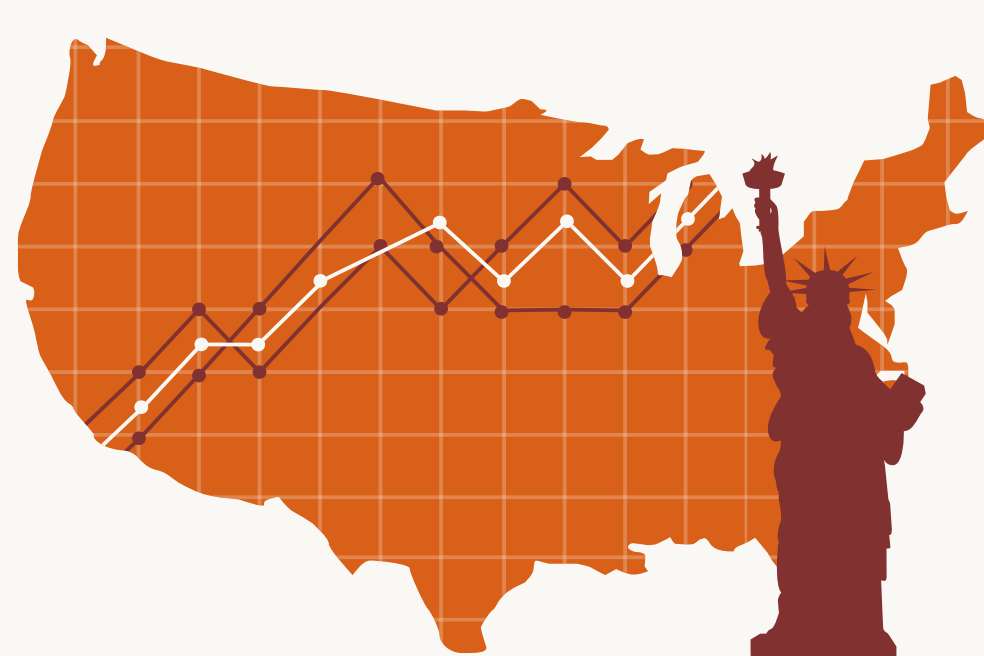
Top 4 themes



Global shares: strong returns

Global growth picked up speed in 2017 with encouraging improvements in Europe and Japan as well as solid conditions in the US and China. This supported share markets, with global shares returning 15.4%.

Global shares return: MSCI All World Country Index unhedged in \$A.



US shares: powering on

The US share market rose an impressive 21.1%, achieving record high levels. A significant booster was optimism about President Trump's significant tax cuts, which became law late in the year. Solid jobs growth, lower unemployment and encouraging business survey results also supported the market.



Central banks: a shift to tightening

After years of substantial monetary stimulus, several central banks (including in the US and Europe) decided to change to a tightening stance. This will be done very gradually to avoid undermining markets and to protect the economic recovery.



Political risk: markets unfazed

Anti-eurozone parties failed in elections in France and the Netherlands, though Germany's post-election stalemate was unresolved. In the UK, Brexit progress was complicated by the Conservative Party's loss of its electoral majority. While North Korea's nuclear missile testing program escalated tensions, markets were largely unmoved.

Australian shares: solid returns

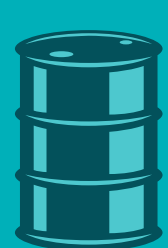
Our share market provided an 11.8% return in 2017 – its strongest calendar year return since 2013. Buoyant sectors were Energy, which responded to higher oil prices, Materials (including Resources) and Healthcare. Financials disappointed due to headwinds for the major banks, like the new levy announced in the May Federal Budget.



Healthcare
+26.4%



Energy
+23.3%



Materials
+22.9%



Financials
+5.0%

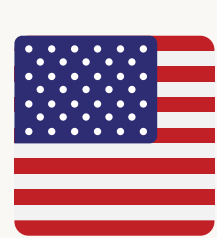
Performance for the year ending 31 December 2017. Sector returns are for the S&P/ASX 200 Total Return GICS indices.

2017 share market performance



AU

+11.8%



US

+21.1%



UK

+11.9%



DE

+12.5%



FR

+12.7%



JP

+21.3%



HK

+40.0%



CN

+6.6%

Performance for the year ending 31 December 2017. S&P/ASX 200 Total Return Index, S&P 500 Index (US), FTSE 100 Index (UK), DAX index (Germany), CAC 40 index (France), Nikkei 225 Index (Japan), Hang Seng Index (Hong Kong), Shanghai Composite Index (China). All in local currency and unhedged.
Sources: FactSet, NAB Asset Management Services Limited.

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