

# La Trobe

f i n a n c i a l



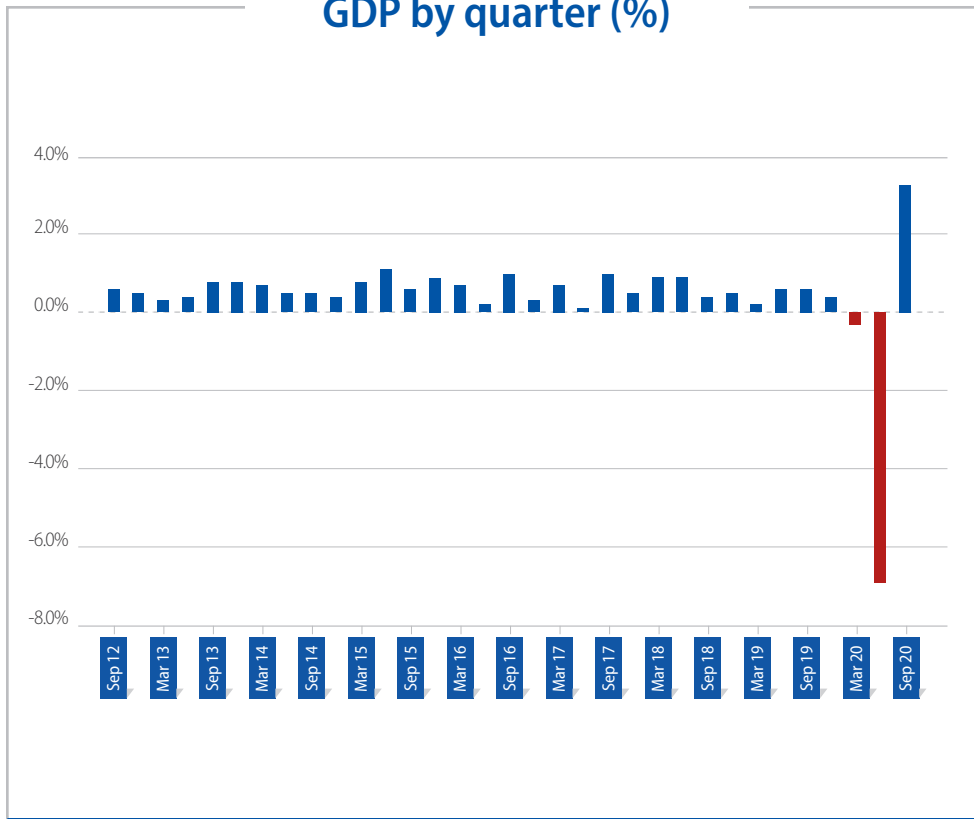
**Chris Andrews**  
CIO and Deputy CEO

Chris Andrews is a Senior Vice President and Chief Investment Officer of La Trobe Financial. He oversees the Credit Fund and is part of La Trobe Financial's treasury deal team, which manages the retail Credit Fund, institutional investors and RMBS issuances.

Chris joined La Trobe Financial in 2006 as Senior Legal Counsel from Minter Ellison Lawyers and commenced as Head of Funds Management in 2009. He is Chairman of La Trobe Financial's Executive Committee and Deputy Chairman of the Assets & Liabilities Committee. Chris is also Deputy CEO.

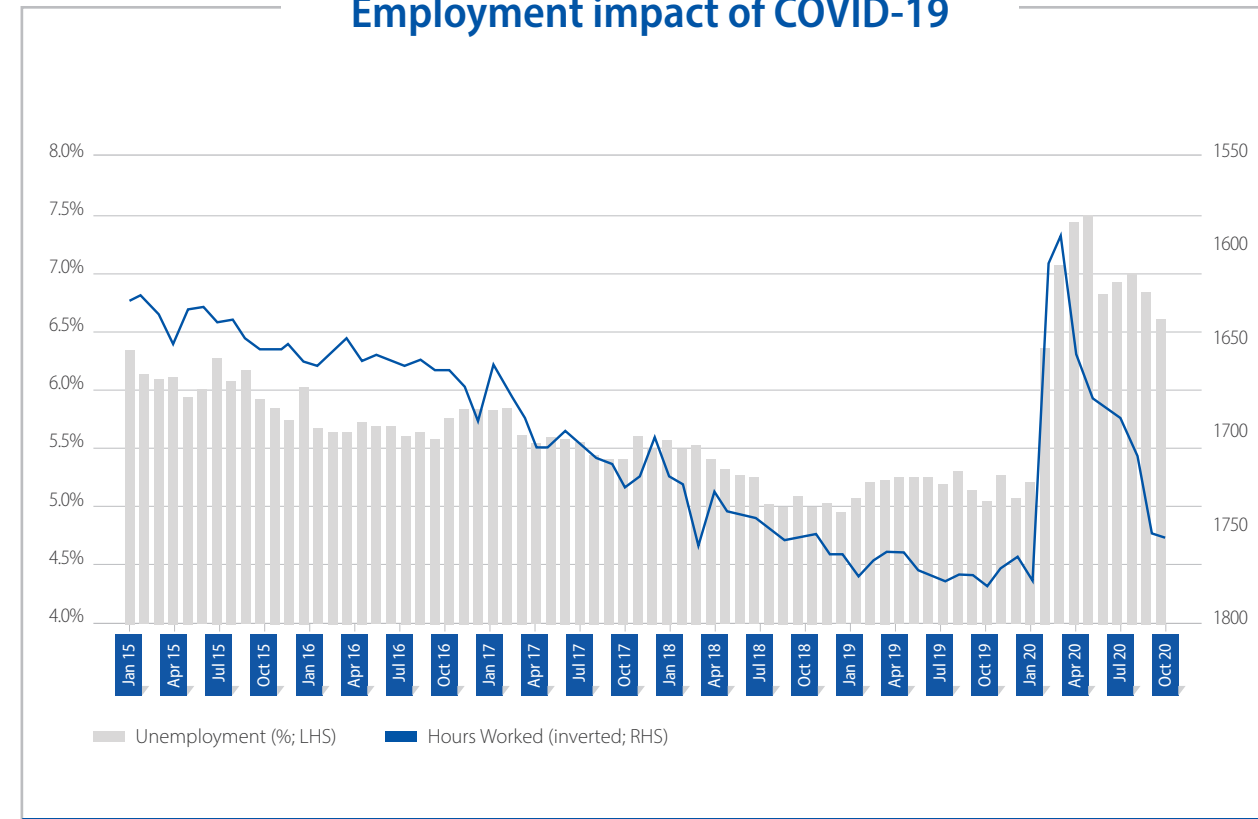
Chris holds degrees in Commerce and Law (Honours).

## GDP by quarter (%)



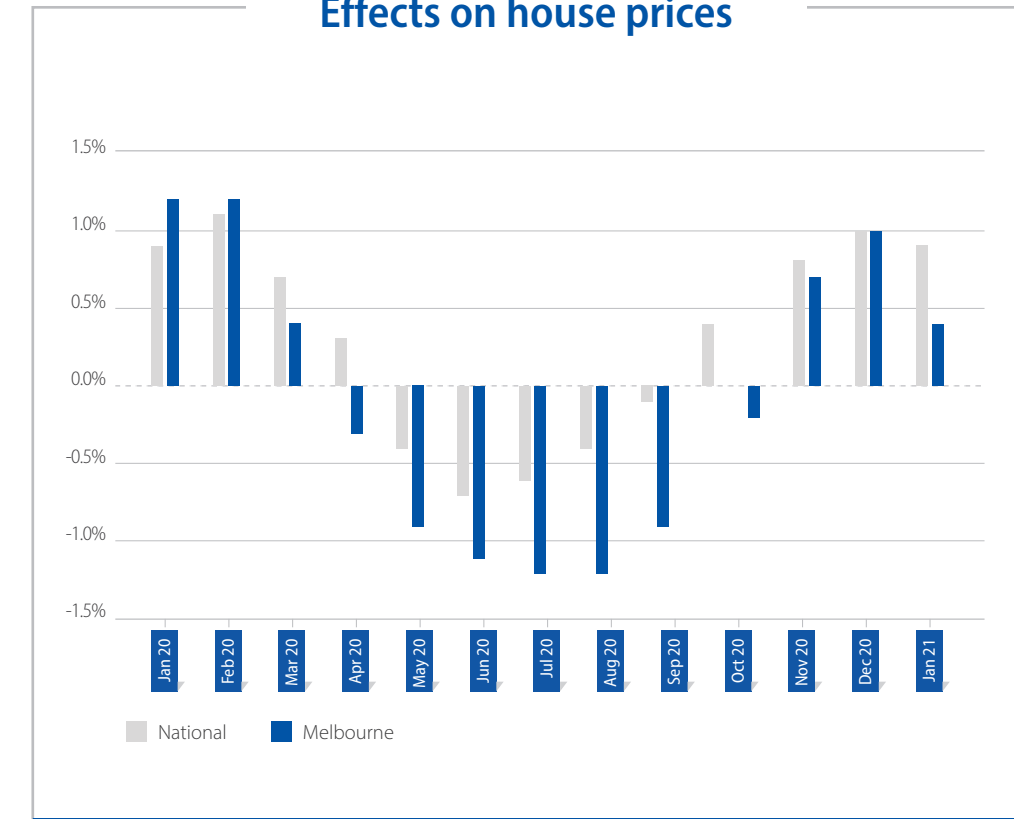
Source: National Accounts

## Employment impact of COVID-19














Source: ABS Labour Force

## Effects on house prices

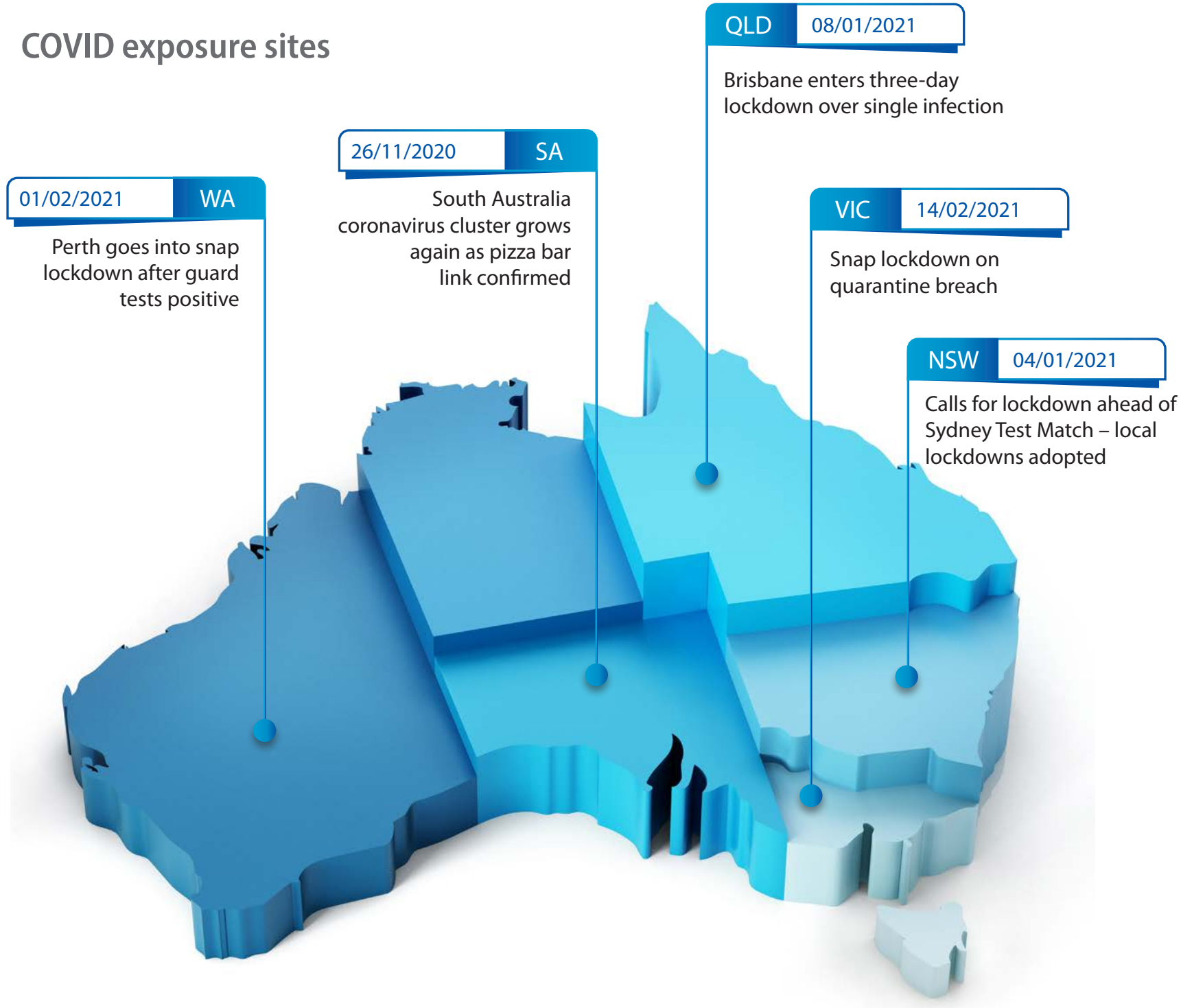


Source: Corelogic

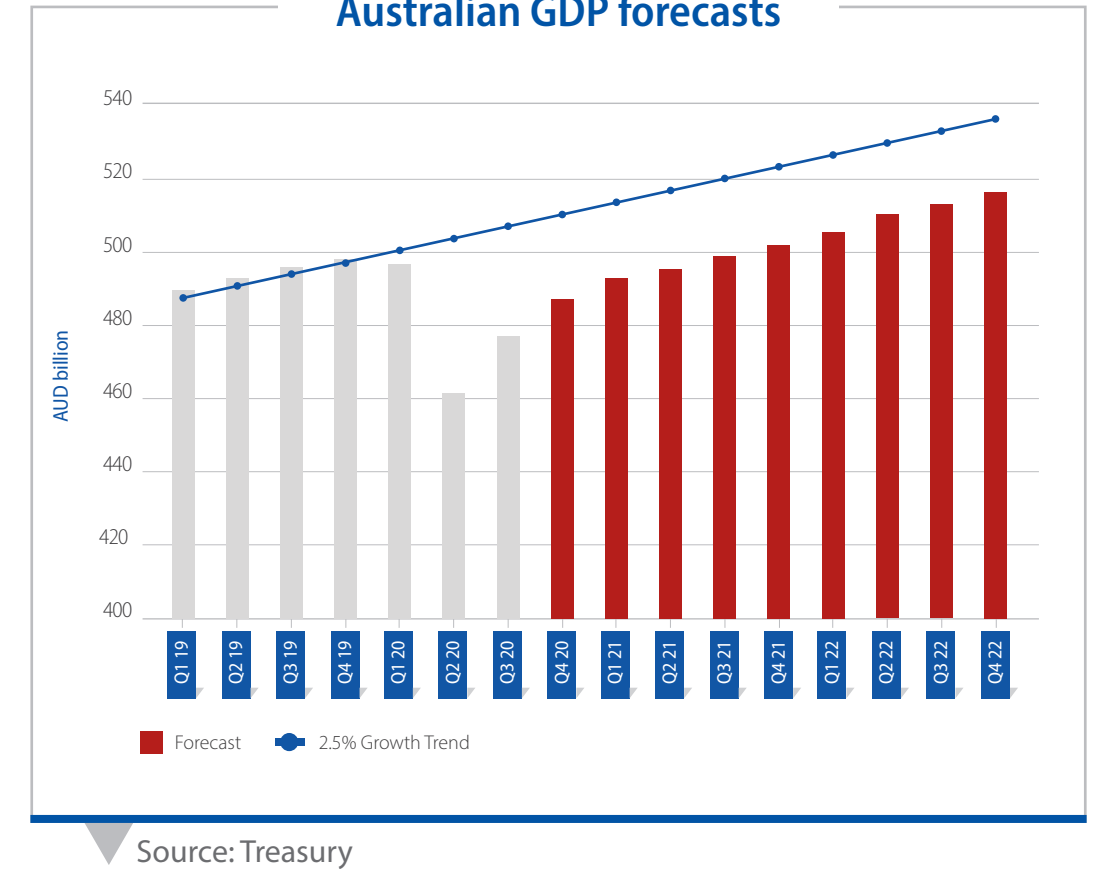
	Analyst	GDP 2020		GDP		Unemployment		House Prices 2021	Interest Rate	Peak Impact
		Current	Prev	2021	2022	Dec-2021	Dec-2022			
	February SOMP	-2.0%	-6 to -7%	3.5%	3.5%	6.0%	5.5%		0.10%	Q2 2020
	January Update (1)	-2.9%	-6.7%	3.5%	2.9%	7.7%	6.7%		-	Q2 2020
	December MYEFO	-2.5%	6.0%	4.5%	3.5%		6.0%		-	Q2 2020
	Bill Evans	-2.0%	-5.0%	4.0%	3.0%	6.0%	5.3%	10%	0.10%	Q2 2020
	Stephen Halmarick	-2.6%	-5.0%	4.2%	3.8%	5.7%	5.0%	8.0%	0.10%	Q2 2020
	Alan Oster	-2.7%	-4.7%	3.6%	2.6%	6.5%	5.9%	7.9%	0.10%	Q2 2020
	Bill Zu	-2.9%	-6.0%	4.7%	4.3%	6.2%	5.6%	10.0%	0.10%	Q2 2021
	Paul Bloxham	-2.8%	-6.5%	3.2%	3% (2)	6.4%	6% (2)	0-4%	0.10%	Q2 2020
	George Theranou	-2.8%		3.8%	4.2%	6.8%	5.7%	5-10%	0.10%	Q2 2021
	Justin Fabo	-2.1%	-4.2%	4.0%	2.2%	5.8%	5.5%	10-12% (3)	0.10%	Q2 2020
		-2.8%	-6.5%	3.0%	3.0%	6.5%	5.8%	5-10%	0.10%	Q2 2020



## COVID exposure sites



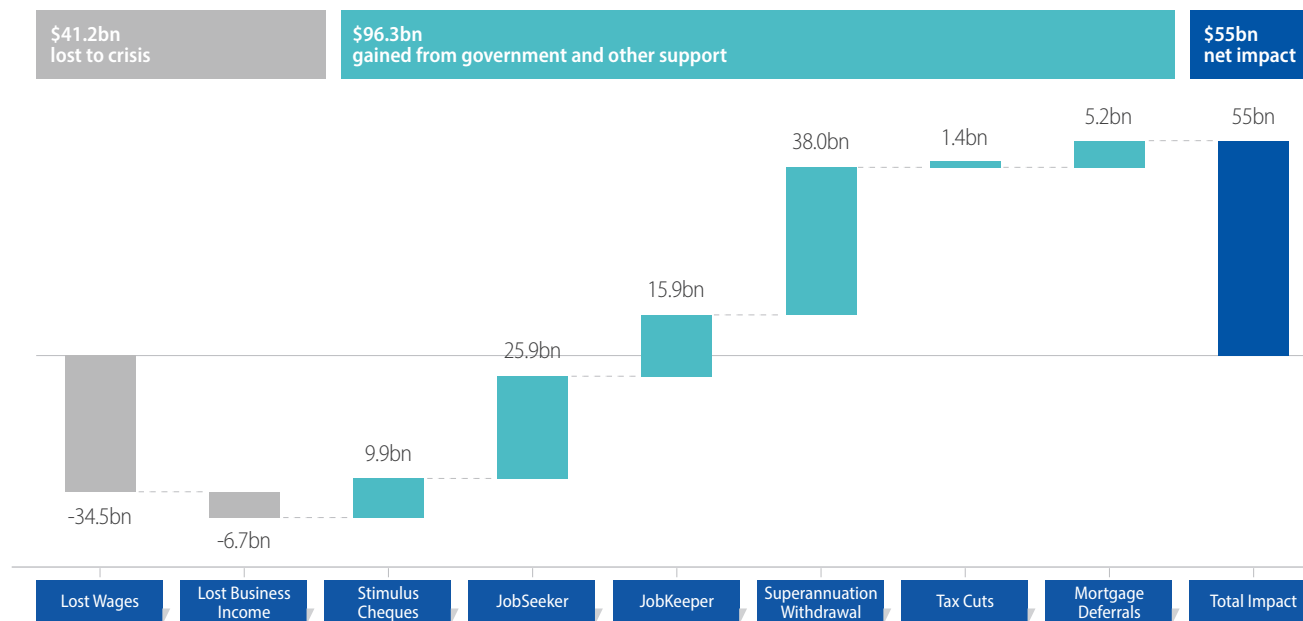
## Australian GDP forecasts



# Headwind 2 - Removal of Income Support at the End of March

## Australian household cash flow

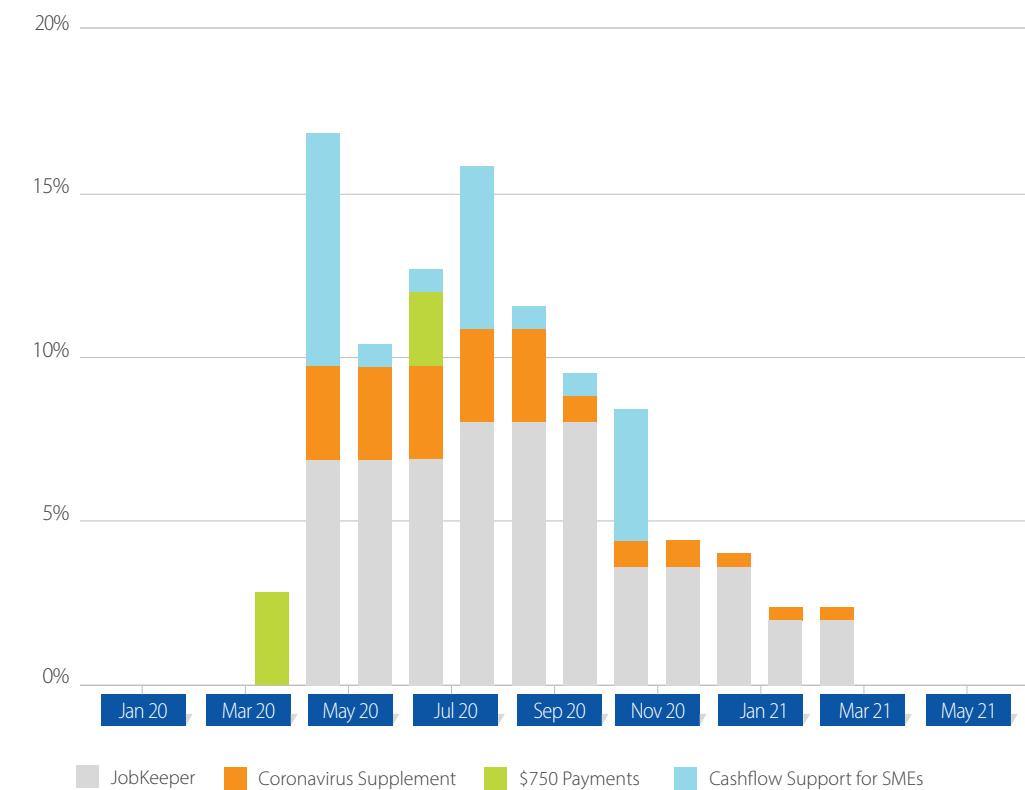
Relative to pre-crisis level (A\$bn), Mar - Dec 2020



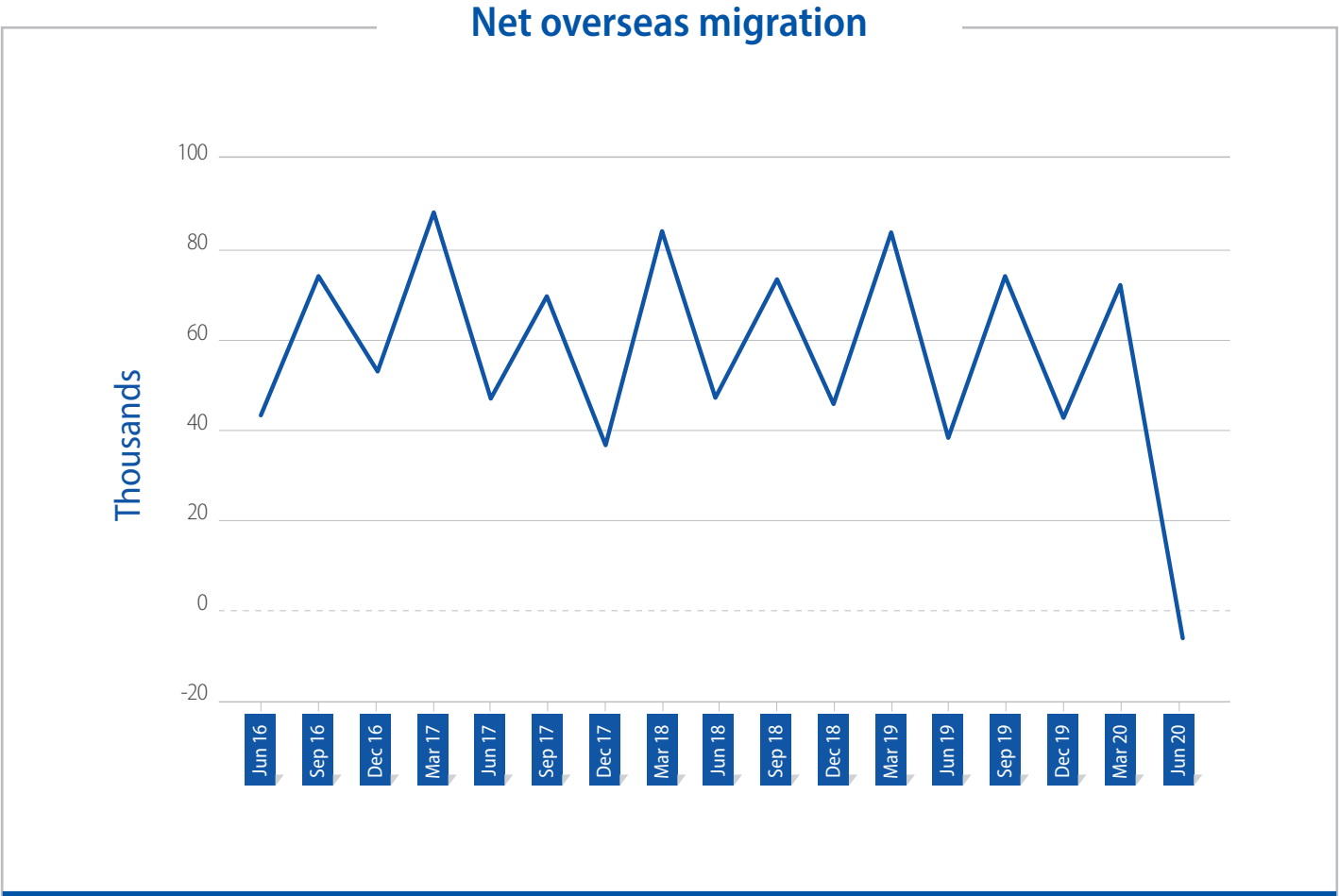
Source: Illion

## Key fiscal support measures

Estimated monthly support, as a % of 'monthly' GDP



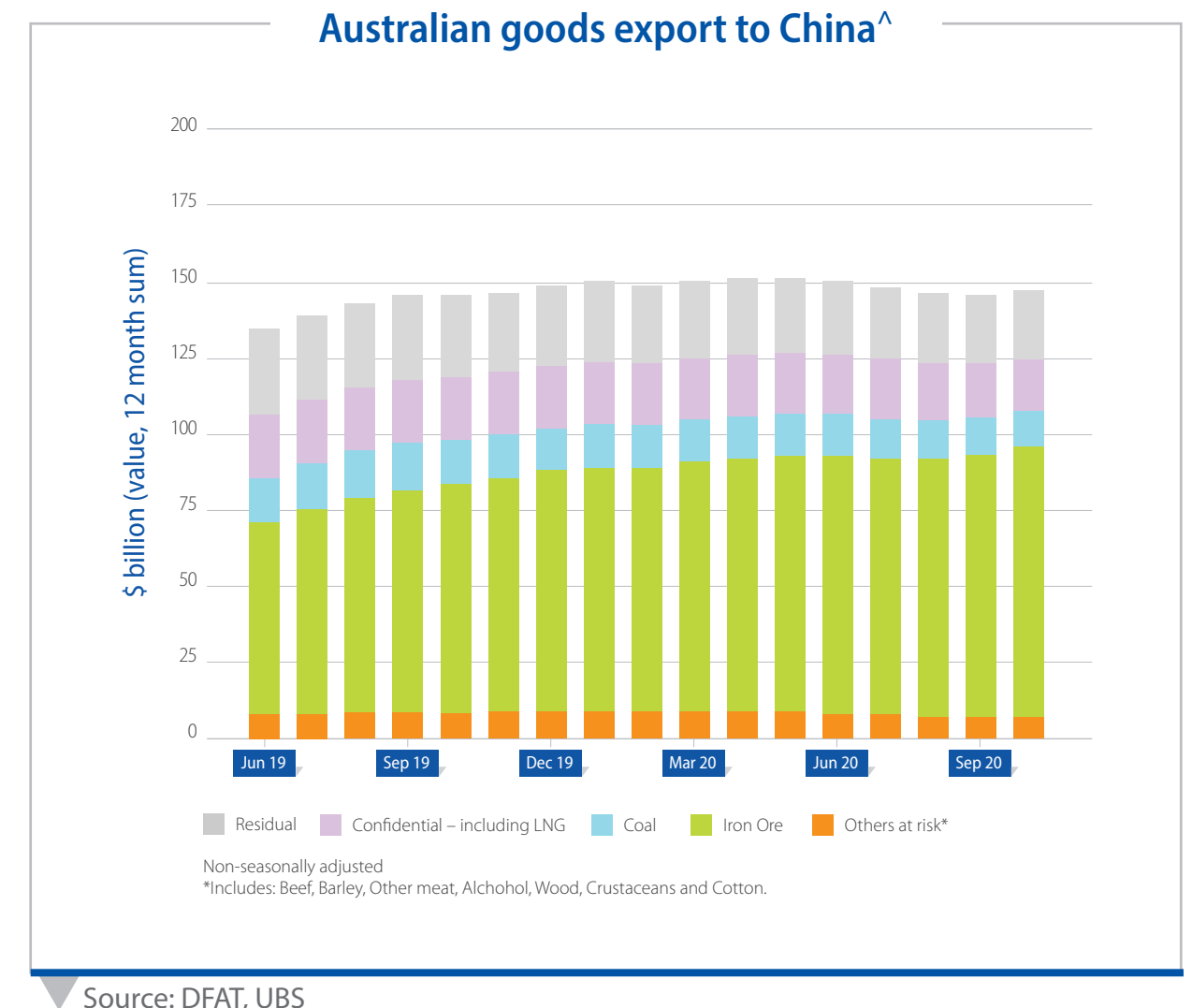
Source: Australian Government, HSBC estimates



Source: ABS

# Headwind 4 - China Trade Relationship (but damage is limited so far)

<b>\$167bn</b> Total exports to China (19/20)	<b>40%</b> Share of total exports	<b>8.5%</b> Share of GDP	<b>14%</b> YOY Increase
<b>\$150bn</b> Contribution of goods	<b>\$84bn</b> Iron Ore	<b>\$20bn</b> LNG	<b>\$14bn</b> Coal
<b>\$3bn</b> Beef	<b>\$1bn</b> Alcohol	<b>\$16bn</b> Contribution of services	<b>\$10bn</b> Education

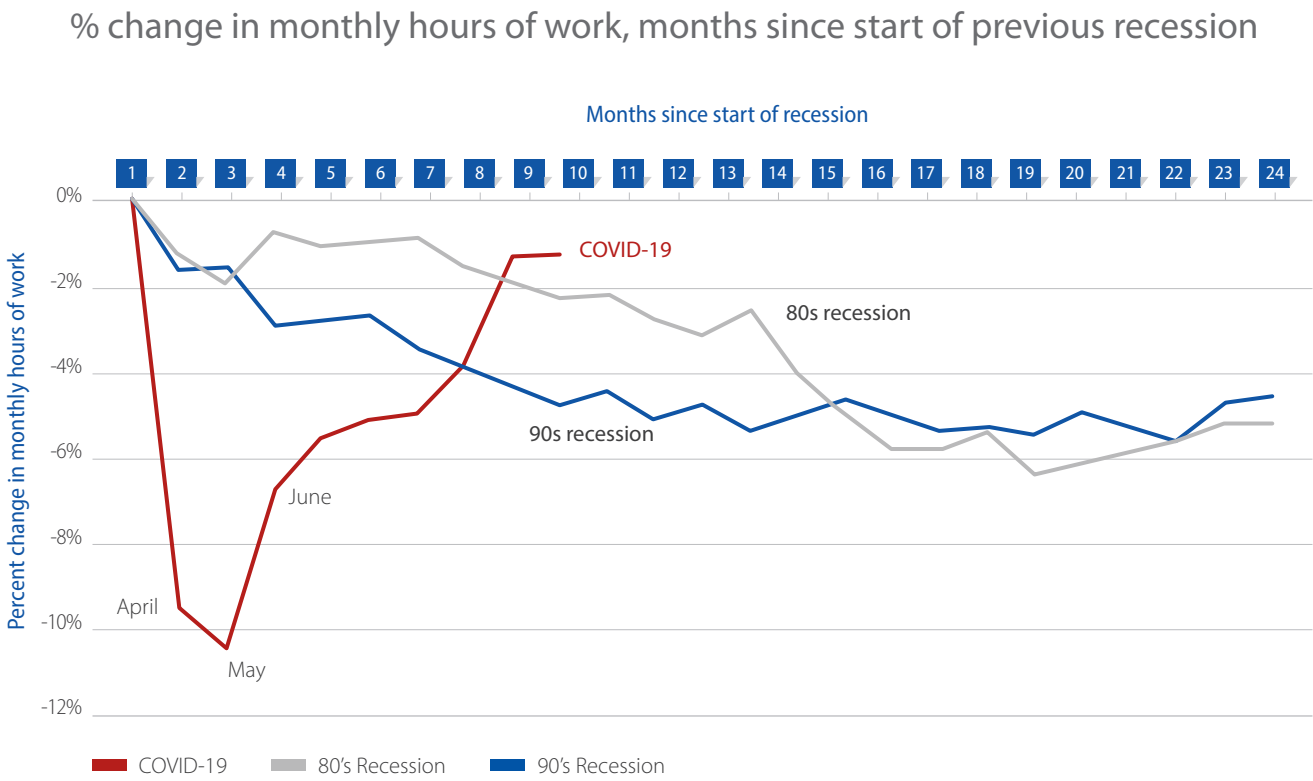


COVID-19 effect on labour market

	Current	Previous	Pre CV-19	Peak CV-19	Month
	December 2020	October 2020	Feb 2020		
Unemployment	6.6%	7.0%	5.1%	7.5%	July
Underemployment	8.5%	10.4%	8.6%	13.8%	May
Participation	66.2%	65.8%	65.9%	62.6%	May
Employed Persons (m)	12.91	12.78	13.00	12.12	May
Hours worked (m)	1753	1709	1763	1592	May
Youth unemployment ('000)	312.5	307.7	296.2	331.5	July
Youth unemployment (%)	13.9%	14.5%	13.2%	15.9%	July

Source: ABS Labour Force

Change in employment measured by hours worked



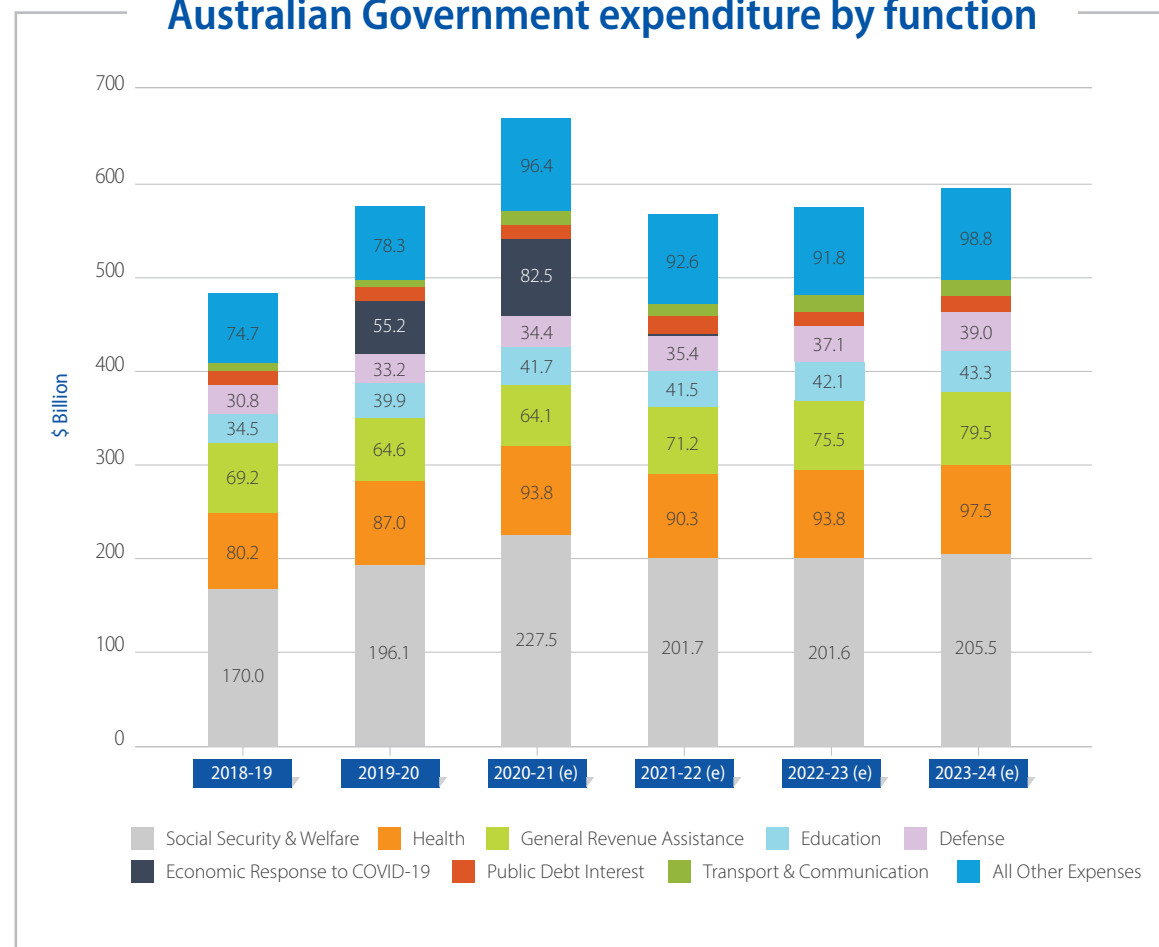
Source: Illion



## RBA doubles down on QE

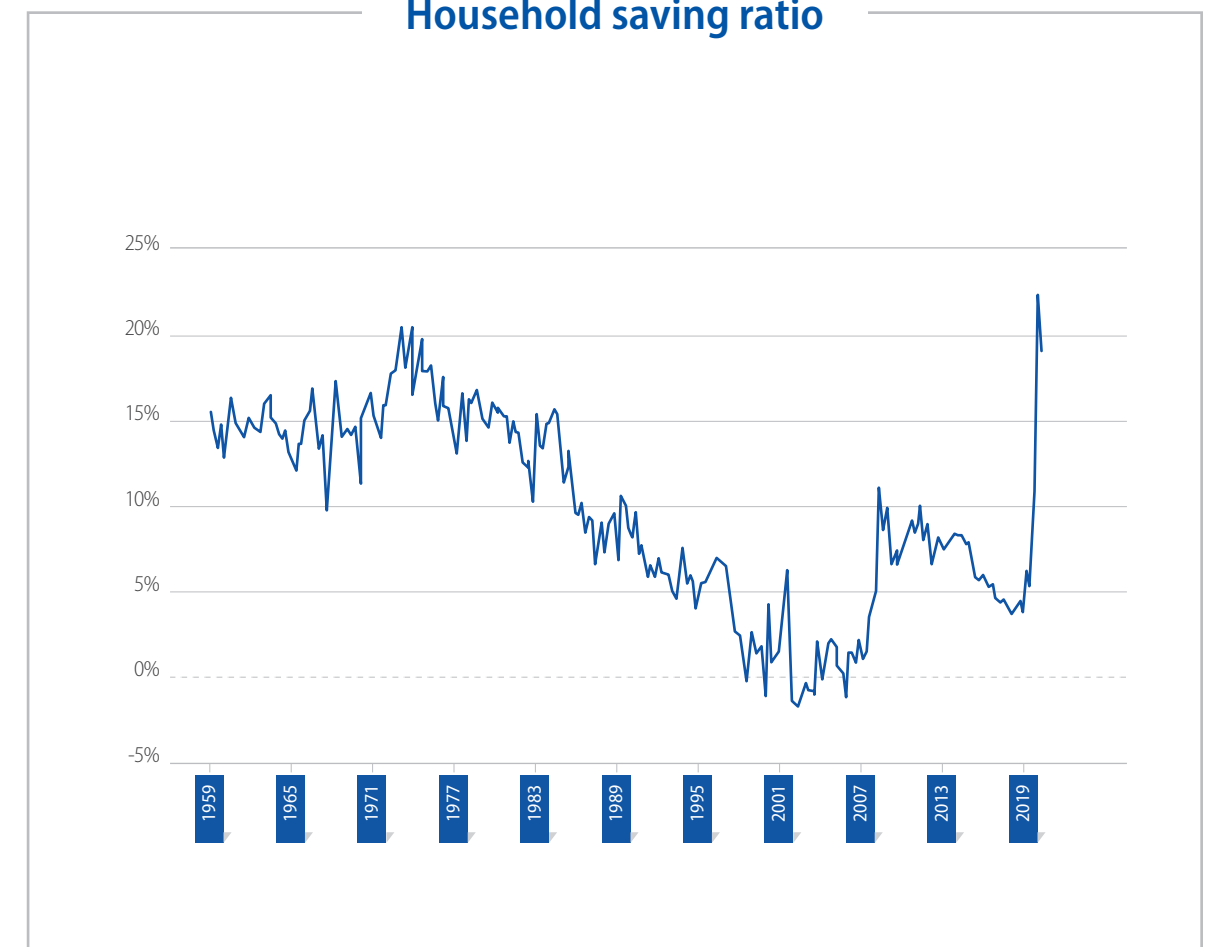
- 1** OCR & 3yr Yield: 0.1% (until 2024)
- 2** Additional \$100bn bonds
- 3** TFF - likely to end at end of June 2021

Australian Government expenditure by function



Source: Treasury

Household saving ratio



Source: ABS

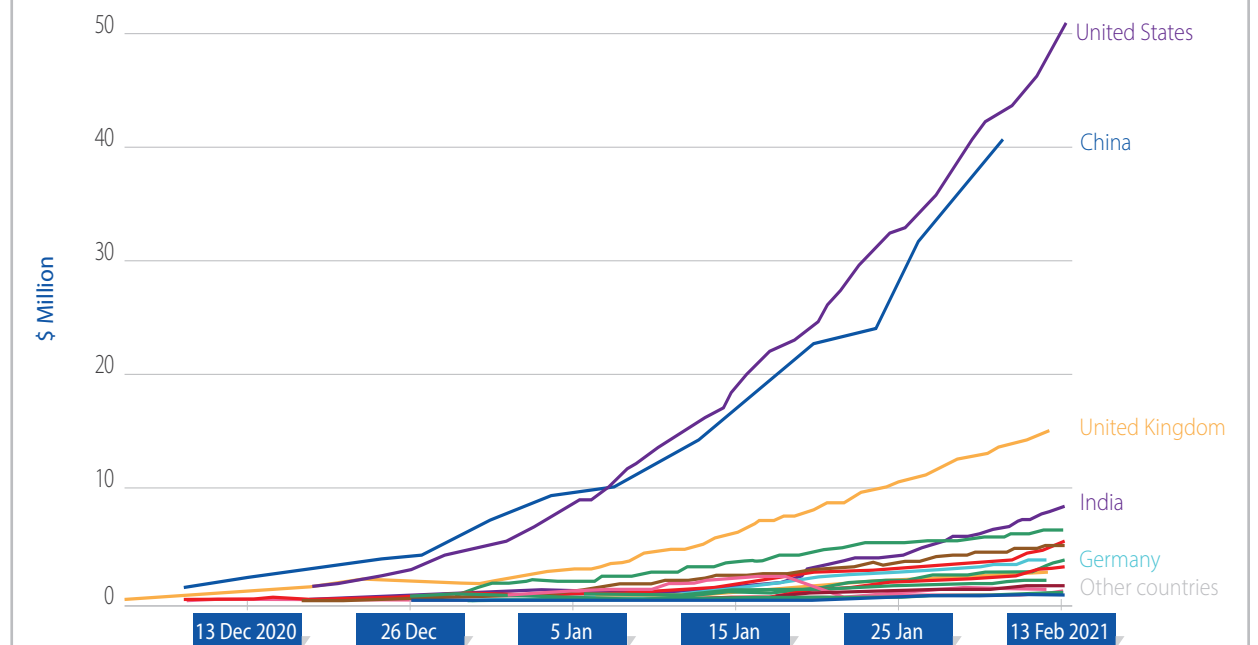
## COVID-19 vaccine national roll-out strategy



Source: Australian Government - Department of Health, Last updated 17 February 2021

## COVID-19 vaccine doses administered

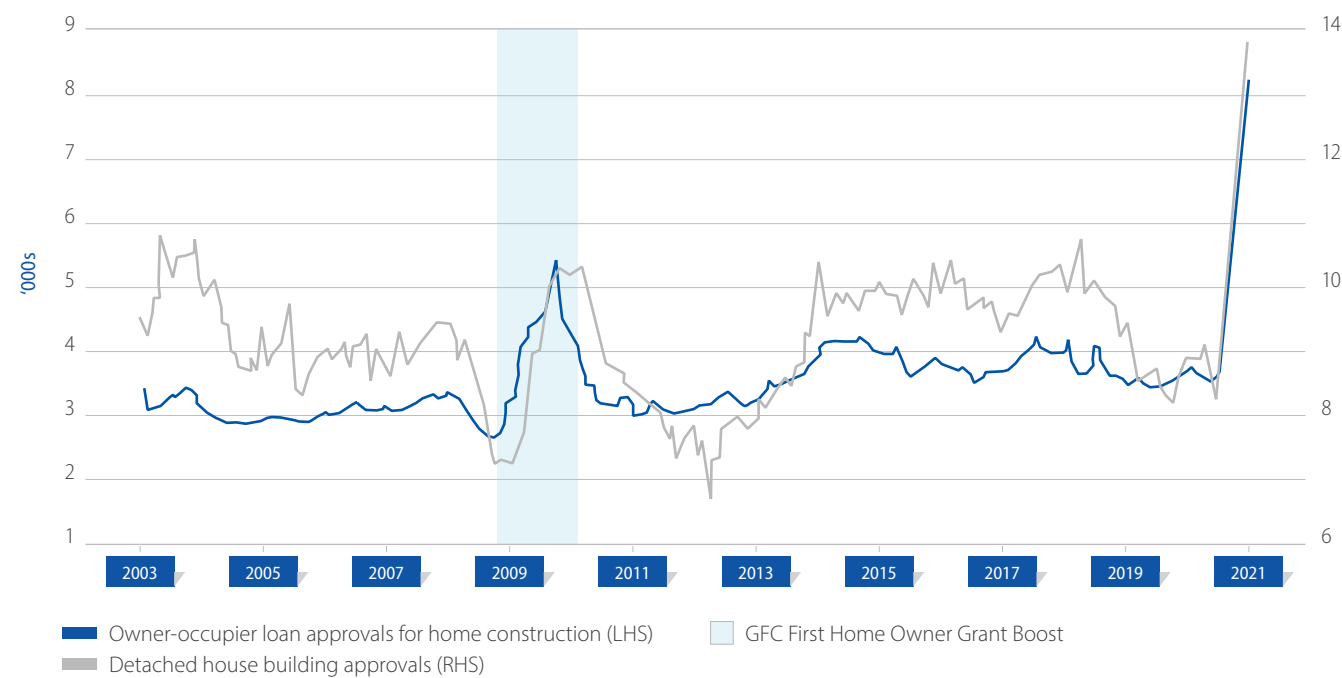
Total number of vaccination doses administered. This is counted as a single dose, and may not equal the total of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).



Source: Official data collated by Our World in Data - Last updated 14 February, 09:10 (London time) [OurWorldInData.org/coronavirus](https://ourworldindata.org/coronavirus)

# Tailwind 4 - Surge in Housing and Property Market

Residential building & loan approvals number



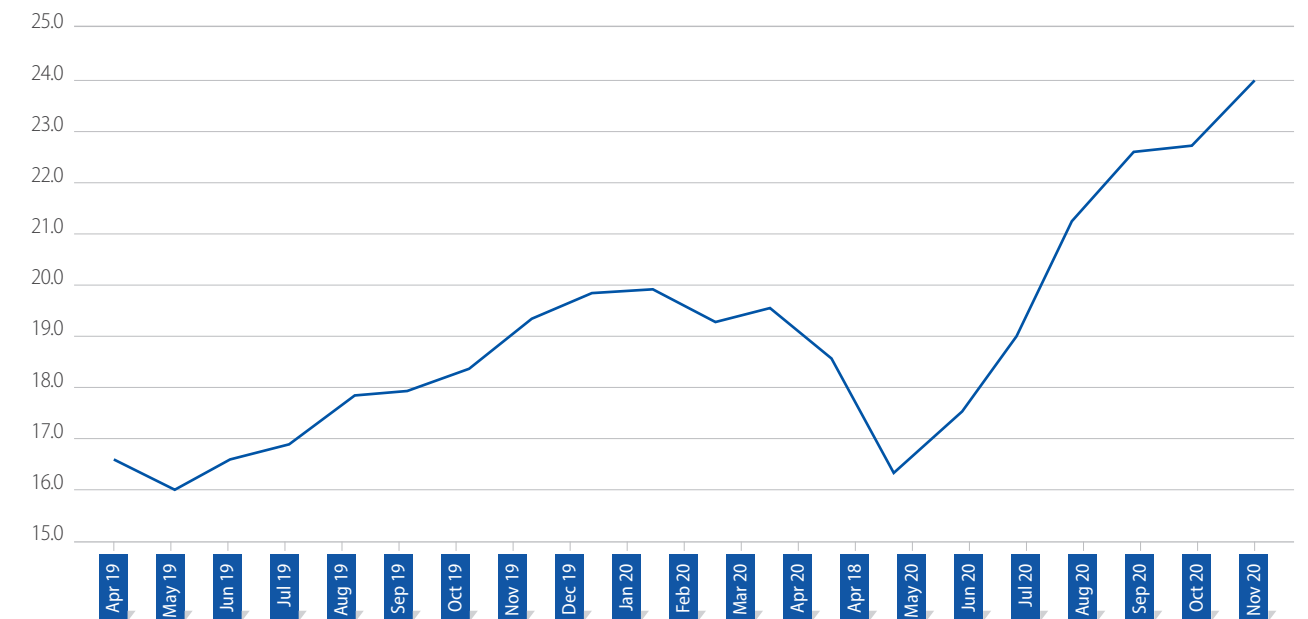
Source: ABS

Highest house  
building approvals  
in 65 years

Residential  
approvals +22.8%

Detached houses  
+55.4%

Residential lending (excl. refi)



Source: ABS

## Change in dwelling values

Index results as at January 31, 2021

	Month	Quarter	Annual	Total return	Median value
<b>Sydney</b>	0.4%	1.6%	2.0%	4.6%	\$879,299
<b>Melbourne</b>	0.4%	2.1%	-2.1%	1.1%	\$692,162
<b>Brisbane</b>	0.9%	2.5%	4.0%	8.3%	\$527,826
<b>Adelaide</b>	0.9%	3.3%	6.5%	10.8%	\$473,170
<b>Perth</b>	1.6%	3.8%	3.4%	8.0%	\$484,280
<b>Hobart</b>	1.6%	3.7%	6.8%	12.1%	\$523,932
<b>Darwin</b>	2.3%	6.6%	11.4%	17.3%	\$426,215
<b>Canberra</b>	1.2%	3.7%	8.5%	13.5%	\$686,524
<b>Combined capitals</b>	0.7%	2.2%	1.7%	5.1%	\$659,731
<b>Combined regional</b>	1.6%	4.7%	7.9%	12.8%	\$428,919
<b>National</b>	<b>0.9%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>6.6%</b>	<b>\$583,157</b>

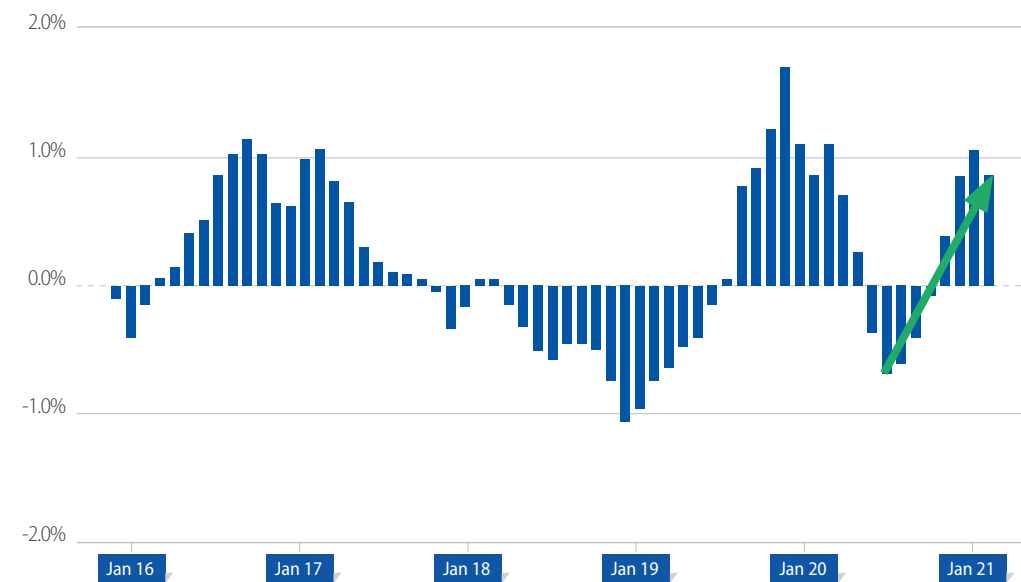
Source: Corelogic

## Asset Class Notes

1. All capitals and national house prices saw strong MoM growth in January notwithstanding the summer holiday season.
2. All capitals and regions show positive annual house price growth ex Melbourne (-2.1%).
3. Housing continues to show remarkable resilience against a backdrop of the pandemic and government-mandated economic hibernation.
4. Regional continuing to outperform capitals.
5. In aggregate, national house prices have achieved a fresh record high.

# ...and positive momentum appears locked in

Month-on month change in national dwelling values



Source: Corelogic

	Price growth	Annual growth
	Since 2012	(CAGR)
Sydney	68%	6.7%
Melbourne	52%	5.4%
Brisbane	25%	2.8%
Adelaide	26%	2.9%
Perth	-6%	-0.8%
Hobart	56%	5.7%
Darwin	-16%	-2.2%
ACT	36%	3.9%
Regions	28%	3.1%
<b>National</b>	<b>41%</b>	<b>4.4%</b>

Source: Corelogic, La Trobe Financial



## Headwind

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- 1** COVID-19 & Rolling Lockdowns
- 2** Removal of Income Support at the End of March
- 3** Pause in Migration
- 4** China Trade Relationship (but damage is limited so far)

## Tailwind

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- 1** Labour Market Rebound
- 2** Expansionary Fiscal & Monetary Policy
- 3** Vaccine Rollout
- 4** Surge in Housing and Property Market



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# A consistently awarded strategy

La Trobe  
financial

2021



2020



2019



2018



2017



2016



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