

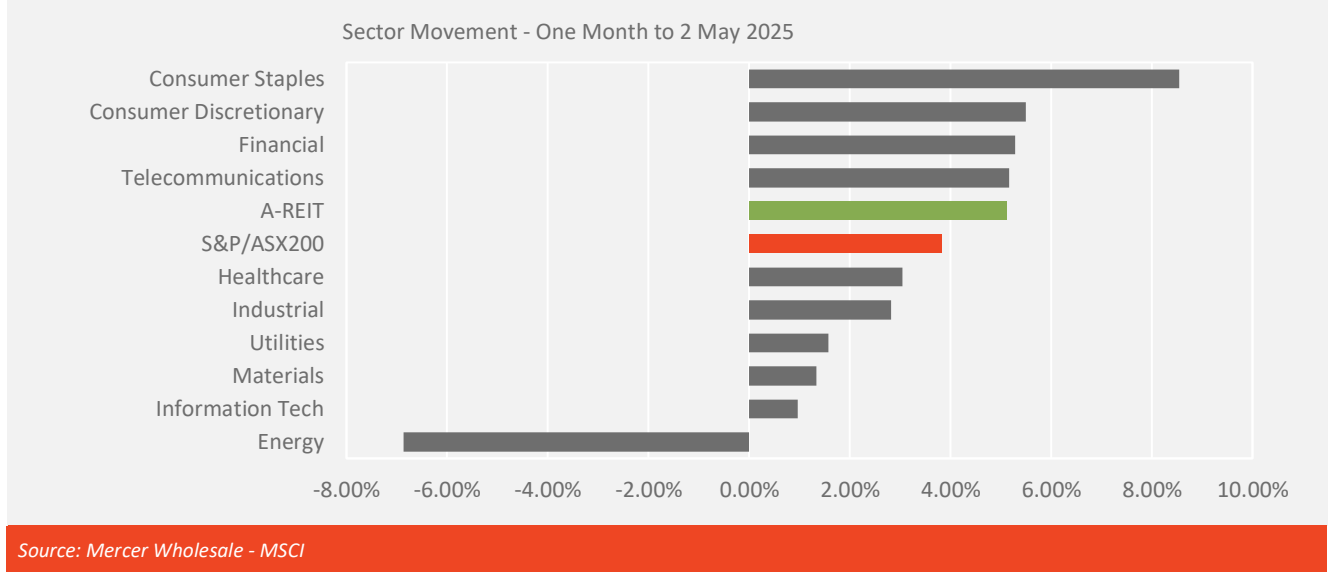


# Responding to Trump: A perspective on volatile markets

JUNE 2025

- Global financial and real asset markets are volatile in response to wide-ranging policy proposals, announced, but yet to be finalised, by the newly installed US Trump administration. Nevertheless, since the announcement of the proposed US tariffs, the Australian share market has moved ahead and the A-REIT sector has outperformed the overall market index

Figure 1: S&P/ASX200 and Sector Performances to 2 May 2025



- This cycle is unique and will require different responses from the 2008 Global Financial Crisis (GFC) and the 2019 COVID pandemic.

**The GFC (2008)** was essentially a global capital market credit crisis. Liquidity collapsed in many financial and some real asset markets.

**The COVID-19 pandemic (2019)** in contrast delivered sector-specific impacts on real estate markets. Initially, all real estate sectors were adversely affected – the office and hotel markets in particular. However other real estate sectors – industrial and retail for example – were often able to achieve fairly rapid adjustments and workarounds.

**This time it's different.** While volatility in public credit and equity markets is high, so too is liquidity. These markets appear to be responding as they are designed to, against a backdrop of radical uncertainty.

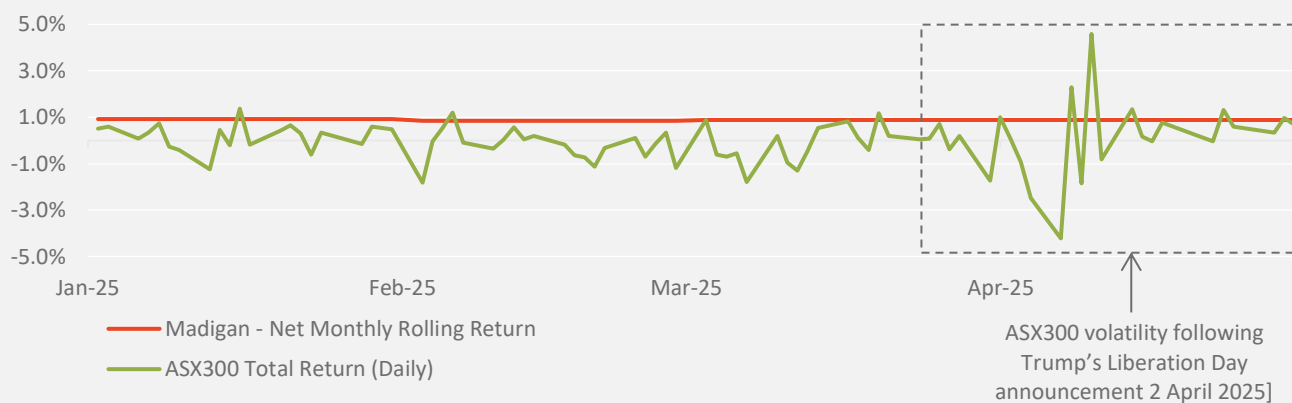
- The RBA Governor has suggested: "I think there is sense in which there is going to be some permanence to these sorts of trade restrictions that we're seeing now."
- Private credit remains a robust and resilient asset class, as the volatility of the public markets are likely to continue through an extended period of uncertainty.
- This has been never more obvious than in the last few months and particularly during April, following President Trump's tariff announcements in the 'liberation day' speech.
- The charts below illustrate the volatility of the ASX300 index and the Mercer Wholesale Property Index over the last six years, with a particular focus on April of this year, against Madigan's own managed fund.
- What is evident is that the performance of Madigan's CRED managed fund has remained relatively stable, even in the most volatile times, noting the Covid shock in early 2020, and even more so in comparison with the ASX300 in April of this year, following the US "Liberation Day" tariff announcements.

**Figure 2: Madigan Capital Portfolio ('MCP') Returns Relative to MSCI Wholesale Property Fund & ASX300**



Source: Madigan Fund - Madigan Capital, ASX300 - ASX

**Figure 3: Madigan Capital Portfolio ('MCP') returns relative to ASX300**



Source: Madigan Fund - Madigan Capital, ASX300 - ASX

## CONCLUSION: OPPORTUNITIES EMERGING THROUGH THE TURBULENCE

Public markets are volatile for the good reason that the outlook is uncertain. The challenge, in all volatile markets, is to distinguish between transient shocks and permanent shifts.

Madigan therefore advocates that specific responses to the short-term signals emanating from Washington are premature. Decisions can sometimes be postponed pending a return to market stability and clarity on the global policy outlook.

However, volatility and opportunity often coincide; the rewards available to investors willing to take a medium or long-term view are likely to be substantial.

While the immediate future is uncertain, private credit instruments that provide medium duration (2 to 3 years) at current rates will be attractive to investors seeking to look through the currently fluctuating interest rate cycle.

**Well-underwritten privately placed debt investments with robust downside protections are attractive, noting Australia's relatively favourable tariff treatment in comparison with many other US trading partners and the scope to capitalise on trade creation, trade diversion and capital reallocation opportunities now emerging in the Asia-Pacific region.**

## ABOUT MADIGAN CAPITAL

Formed in 2016, Madigan Capital is an Australian real estate debt asset management firm. Madigan is known for its expertise in providing investors with access to high-quality, direct credit exposures secured by underlying real estate assets and associated strategies.

Madigan Capital is majority owned by its senior executives thus ensuring critical alignment of interest with its institutional investors. A strategic stake in the firm is owned by European based CC Real GmbH

The company manages funds on behalf of various sophisticated local and offshore institutional investors and partners, with investments across all real estate and social infrastructure sectors in all stages from asset creation to mature income producing stabilised investments.

Madigan seeks to differentiate itself in the Australian alternative real estate debt market through a strong focus on real estate fundamentals alongside more traditional credit assessment, and benefits from the team's extensive hands-on experience of managing loan books through various market cycles and via a wide range of strategies and structures, both local and offshore/cross-border.

## OUR PEOPLE - LEVERAGING REAL ESTATE AND FINANCIAL SERVICES KNOWLEDGE

Madigan Capital has been driving growth through multiple financial cycles. Our dedicated end-to-end senior management team has an average 29 years' experience across both real estate and financial markets.

	Name	Responsibilities	Career Years	Starting Year	Madigan Years	Starting Year	Selection of Previous Experience (Years)
	Michael Wood	Founder, Executive Chair	43	1982	9	2016	Quadrant REA (10) Lendlease (10)
	Chris Wilson	CEO	27	1998	2	2023	Future Fund (14) KWM (3)
	Eliza Chan	CFO	23	1998	8	2017	Macquarie (5) Deutsche Bank (4)
	Justin Pelly	General Council	39	1986	6	2019	Freehills (Partner 22)
	Peter Crawford	Head of Investments Origination & Transactions	17	2008	7	2018	CBA (2) Deloitte (4)
	Kristopher Staltare	Funds Management	18	2006	4	2021	Hostplus (6) PWC (2)
	Christine Bayadi	Asset Management	35	1988	8	2017	Challenger (4) Westpac (10)

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