

# CoreSeries Defensive

Portfolio Performance to the quarter ended to 31 March 2024

## Portfolio details

### Investment Objective

The portfolio aims to achieve an Inflation (Consumer Price Index "AUCPI") + 1.5% pa objective over rolling three year periods by taking exposures to a mix of growth and defensive asset classes.

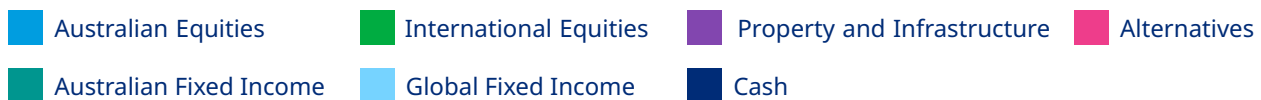
### Investment Strategy

The strategy is an actively managed diversified portfolio investing in both growth asset classes such as equities, property and infrastructure, and defensive asset classes such as cash and fixed interest securities. The portfolio's exposure will typically be 30% growth assets and 70% defensive assets; however over time these allocations may deviate within a range due to market movements and asset allocation decisions. These exposures are expected to provide a return in excess of inflation over the long-term and aim to minimise the impact of shorter-term market volatility through asset diversification, manager selection and risk management.

	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%)*
CoreSeries Defensive	1.6	2.9	8.1	2.9	7.4	2.5	3.0	3.8
AUCPI + 1.5%	0.4	1.2	2.2	1.2	5.0	6.7	5.3	5.1
Excess return**	1.2	1.7	5.9	1.7	2.4	-4.2	-2.3	-1.3

\* Performance since 30 November 2018.

### Actual Asset Allocation



May not sum to 100.0% due to rounding.

## Market Commentary

The portfolio delivered a return of 2.9% for the March quarter compared to its benchmark return of 1.2%.

Australian equities enjoyed a solid March quarter, with the S&P/ASX 300 Accumulation Index returning 5.4%. Encouraging economic data releases and supportive global central bank comments around the outlook for interest rates underpinned performance. Financials (16.2%), Real Estate (16.2%) and Consumer Discretionary (13.4%) were the stronger performing sectors, whilst Materials (-5.9%), Consumer Staples (2.1%) and Utilities (3.4%) were among the poorer performers. Many of the themes that influenced the broader market were also evident in the Australian small-cap sector, which outperformed its large counterparts with the ASX Small Ordinaries index delivering 7.5% for the period.

The Solaris Core Australian Equity MPS Fund returned 6.2% over the quarter, outperforming its benchmark by 0.8% as stock selection in key names such as Goodman Group and Altium delivered outsized returns. The Platypus Australian Equity MPS Fund also saw strong outperformance, with a 9.5% return over the period. The strategy's stock selection within the Australian Real Estate and Technology sectors were key drivers of positive performance.

Global equities delivered another remarkable quarter with the MSCI World ex-Australia Index returning 10.1% in hedged terms and 14.1% in unhedged AUD terms. This momentum was driven by a series of positive economic releases, from GDP growth to labour data, which signalled global economies remain resilient. Further, with the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) each indicating rate cuts are still on the table for later in 2024, plus a solid US corporate earnings season, equities pushed higher. Emerging markets lagged developed market counterparts, returning 7.1% on an unhedged basis over the period. China's equity market remained a key drag despite rebounding during the quarter. Performance was balanced between the positive factors of lowered requirements in banking reserves, a tightening in short selling restrictions and an increase in a government-owned investment company's ability to hold exchange traded funds (ETFs), against the negative headlines around its property development sector.

The Guardcap Global Equity MPS Fund returned 7.4% in the March quarter, underperforming its benchmark. Relative performance was driven by stock selection, with Accenture a key detractor on the back of the company lowering earnings guidance.

The rise in government bond yields proved to be headwind for listed real assets, with Global REITs (FTSE EPRA/NAREIT Developed, -0.1% in AUD hedged terms) marginally lower and Global Listed Infrastructure (FTSE Developed Core Infrastructure index, AUD hedged) returning a modest 2.5% for the three months to end March. In contrast, Australian Listed Property (S&P/ASX 300 A-REIT Accumulation Index) produced a very strong 16.2% return for the quarter. Its largest constituent security, Goodman Group (GMG), was 34.0% higher as analysts lifted forecasts post GMG's raising of its full-year profit guidance based on strong growth in its data centre division.

The Magellan Wholesale Plus Infrastructure Fund returned 1.5% over the quarter, with stock selection from the Energy sector a drag on performance, whilst Tollroad exposures were positive. The Principal Global Property MPS Fund returned -0.6% over the quarter, underperforming its benchmark. The strategy lagged based on stock selection in the Americas and Europe, with an underweight to the US Shopping Mall sector a notable detractor.

Global government bond yields ended the quarter higher as recent economic data came in a little stronger against market estimates, resulting in a modestly negative return (-0.3%, Bloomberg Global Treasury Hedged). Market participants have lowered expectations for near-term interest rate cuts, with the market pricing in less than three cuts from the Fed as of the end of March quarter, compared to almost five cuts expected at the start of 2024. Against this backdrop, credit spreads broadly contracted over the quarter aided by the more supportive economic environment, with the result being a modest +0.1% return from the Bloomberg Global Credit (hedged).

The PIMCO Global Fixed Interest MPS Fund returned 0.2% over the period, exceeding its benchmark by 0.5%. The strategy saw a strong March, where an overweight to securitised assets and tactical positioning within Australian and UK duration pared the losses generated early-quarter. The Western Asset Global Bond MPS Fund returned -1.3% over the quarter, underperforming its benchmark as duration positioning in the US and Europe, as well as Emerging Market currency positioning dragged.

Australian government bond yields were more mixed, with longer-dated yields rising less than their global counterparts driven, in part, by the RBA's comments around future changes for interest rate softening from "a further increase in interest rates cannot be ruled out" to be one where the RBA is "not ruling anything in or out". This resulted in Australian Government Bonds (Bloomberg AusBond Treasury 0+ year) returning +0.9% for the quarter.

The Macquarie Australian Bond MPS Fund returned 1.1% over the quarter, with outperformance relative to the benchmark driven by security selection and sector rotation. The Pandal Australian Fixed Interest MPS Fund delivered a 0.9% return over the quarter, broadly in line with the benchmark. The strategy saw contributions from the active duration component, as well as government sector positioning.

## Portfolio changes during the quarter:

No changes were made to the portfolio over the March quarter.

## Underlying Fund Returns

	1 Mth (%)	3 Mth (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)
<b>Australian Equities</b>					
Fidelity Australian Opportunities MPS Fund	3.0	4.7	9.4	6.2	7.3
Platypus Australian Equity MPS Fund	2.5	9.5	21.5	-	-
Realindex Australian Shares MPS Fund	3.3	5.4	15.8	11.5	10.5
Solaris Core Australian Equity MPS Fund	3.6	6.2	14.8	9.7	7.5
<b>International Equities</b>					
Blended Global Equities Hedged MPS Fund	3.1	7.5	17.8	2.5	7.9
Guardcap Global Equity MPS Fund	0.8	7.4	13.2	7.3	9.0
T. Rowe Price Global Focused Equity MPS Fund	3.0	18.2	33.4	7.6	15.4
Wellington Global Equity MPS Fund	4.2	9.2	17.8	12.3	12.8
<b>Property and Infrastructure</b>					
Mercer Indexed Australian Listed Property Fund	9.5	16.1	35.1	11.3	6.5
Principal Global Property MPS Fund	3.2	-0.6	7.2	-1.5	-1.1
Magellan Wholesale Plus Infrastructure Fund	2.1	1.5	1.9	3.7	2.3
<b>Alternatives</b>					
Mercer Multi-Strategy Alternatives Fund	0.5	2.3	6.1	-	-
<b>Australian Fixed Income</b>					
Macquarie Australian Bond MPS Fund	1.1	1.1	1.9	-1.1	0.4
Janus Henderson Australian Fixed Interest MPS Fund	1.3	1.4	2.9	-1.1	0.7
Kapstream Wholesale Plus Absolute Return Income Fund	0.5	1.1	5.6	2.2	2.1
Pendal Australian Fixed Interest MPS Fund	1.1	0.9	1.9	-1.5	0.2
<b>Global Fixed Income</b>					
PIMCO Global Fixed Interest MPS Fund	1.2	0.2	4.2	-2.0	0.4
Wellington Global Bond MPS Fund	0.7	-0.4	1.4	-2.6	-0.5
Western Asset Global Bond MPS Fund	0.7	-1.3	1.8	-2.5	0.0
<b>Cash</b>					
Advance Cash Multi-Blend Fund	0.3	1.1	4.3	2.2	1.6
Platform Cash	0.3	0.9	3.4	-	-

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