CoreSeries Defensive

Portfolio performance to the month ended 31 May 2024

Portfolio details

Investment Objective

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

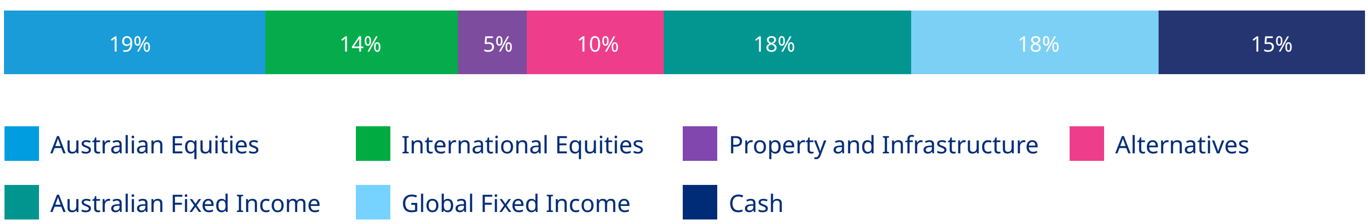
Investment Strategy

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.

	APIR code	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%)*
CoreSeries Defensive	WFS7916AU	0.6	0.5	4.7	1.8	6.4	1.4	2.6	3.4
AUCPI + 1.5%	-	0.4	1.3	2.5	2.1	5.1	6.8	5.3	5.1
Excess return	-	0.2	-0.8	2.2	-0.3	1.3	-5.4	-2.7	-1.7

* Performance since 30 November 2018.

Actual Asset Allocation



Market Commentary

Economic data released over the past month broadly took a softer tone. April inflation in Australia has remained stubborn with the Consumer Price Index (CPI) Monthly Indicator rising slightly to 3.6% Year-on-Year (YoY) in April, driven by food, clothing and health items. The Reserve Bank of Australia (RBA) kept interest rates unchanged at 4.35% p.a. continuing its approach of "not ruling anything in or out" while remaining "vigilant to upside risks" for inflation. In the US, there have been signs of easing in growth over the past month, with retail sales softening and some business survey indicators pointing to declining activity across both manufacturing and services sectors. The US CPI provided relief for economists and market participants alike with the core measure easing slightly, accompanied by encouraging signs for services inflation. Furthermore, the US Federal Reserve (the "Fed") kept interest rates unchanged in May noting that the next change is unlikely to be a hike with interest rates viewed as being sufficiently high to bring inflation back to its 2% target.

Australian Shares rose 0.9% in May, aided by easing concerns around inflation and recovering investor sentiment internationally. Domestically, a few idiosyncratic drivers were evident this month with a raft of earnings and company announcements driving sector and company level returns. Financials (+2.6%) performed well, supported by the better than expected performance of Commonwealth Bank of Australia (+4.4%) affirming signs of stabilisation in its retail banking business. Utilities (+3.4%) was also a strong performer, with the likes of AGL (+8.6%) rallying after it upgraded its profit guidance for this year on stronger electricity demand. The worst performing sector was Communication Services (-2.8%), driven by Telstra (-5.0%) which weakened after it announced that it would remove inflation-linked price increases from its postpaid mobile plans from 1 July. Australian Small Caps was broadly flat for the month and modestly underperformed Australian Large Cap shares. Comparing the sectors, Resources (1.9%) performed well in part supported by the rise in gold prices, whilst Industrials (-0.9%) lagged.

International Shares rebounded in May, returning 4.0% in hedged AUD, with weaker US employment and CPI data helping to ease concerns around inflation and the prospects for interest rates to remain higher for longer. As a result, interest rate sensitive sectors such as Utilities (+5.1%) benefited. Information Technology (+6.1%) also advanced, supported by strong quarterly earnings results, whilst the decline in oil prices resulted in Energy (-2.1%) being the worst performing sector for May. US mega caps leadership was evident in May with the likes of Nvidia (+23.9%) gaining after reporting better-than-expected quarterly results with revenues up +262% compared to the same quarter last year, whilst Apple (+10.4%) also gained after announcing results that surpassed analyst expectations, albeit still experiencing challenging conditions in China.

Emerging markets modestly underperformed developed markets in May, with Emerging Market Shares producing a -1.8% return for the month on an unhedged AUD basis. China's equity market weakened, despite the PBOC's stimulus announcement, softer economic data and its property sector negatively impacting investor sentiment.

Easing inflation concerns and reduction in yields provided a boost for listed real assets, with International Listed Infrastructure, International Listed Property and Australian Listed Property recording healthy returns in May. Meanwhile, Australian Direct Property was down -0.1% in April, driven by negative revaluations in the Office sector.

International Government Bonds produced a +0.4% return for the month. Contributions were however mixed, with the US markets providing a boost to performance as easing of inflation concerns for the region saw its government bond yields decline, whilst the Japanese market stalled after the Bank of Japan reduced the amount of Japanese government bonds it was willing to purchase during the month. International Credit fared better, returning +1.2% for the month of May, as credit spreads narrowed against a backdrop of improving risk appetite.

Australian government bonds also produced a positive return in May, returning +0.4%. Australian government yields ultimately ended the month with little change as the markets participants continued to expect the RBA to keep interest rates unchanged this year, with recent measures of inflation failing to show signs of slowing.

Portfolio changes over the month:

The portfolio remains well positioned relative to its long-term objectives and did not require any changes to the strategic asset allocation or rebalancing over the period.

Underlying Fund Returns

	1 Mth (%)	3 Mth (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)
Australian Equities					
Fidelity Australian Opportunities MPS Fund	-0.2	0.5	6.8	3.3	5.8
Platypus Australian Equity MPS Fund	1.2	0.6	20.2	-	-
Realindex Australian Shares MPS Fund	0.5	0.9	15.8	8.7	9.0
Solaris Core Australian Equity MPS Fund	1.2	2.4	14.3	7.3	6.7
International Equities					
Blended Global Equities Hedged MPS Fund	3.1	3.0	18.6	1.1	8.5
Guardcap Global Equity MPS Fund	-0.3	-2.9	8.4	4.8	8.9
T. Rowe Price Global Focused Equity MPS Fund	2.2	1.3	23.2	5.9	15.2
Wellington Global Equity MPS Fund	1.1	2.7	15.5	10.2	12.4
Property and Infrastructure					
Mercer Indexed Australian Listed Property Fund	1.9	3.1	23.2	7.4	5.2
Principal Global Property MPS Fund	4.0	2.0	7.9	-4.0	-1.2
ATLAS Infrastructure Fund	3.8	4.8	1.2	6.3	6.3
Alternatives					
Mercer Multi-Strategy Alternatives Fund	-3.0	-2.2	3.6	-	-
Australian Fixed Interest					
Macquarie Australian Bond MPS Fund	0.5	-0.4	1.2	-1.9	-0.3
Janus Henderson Australian Fixed Interest MPS Fund	0.4	-0.6	1.8	-2.1	-0.1
Perpetual Diversified Income Fund	0.8	2.0	8.6	3.8	3.7
Pendal Australian Fixed Interest MPS Fund	0.5	-0.4	1.3	-2.2	-0.5
Global Fixed Interest					
PIMCO Global Fixed Interest MPS Fund	1.0	0.5	3.9	-2.4	0.0
Wellington Global Bond MPS Fund	1.0	-0.1	1.3	-2.9	-1.0
Western Asset Global Bond MPS Fund	1.0	-0.7	1.3	-3.3	-0.5
Cash					
Advance Cash Multi-Blend Fund	0.4	1.1	4.5	2.4	1.7
Platform Cash	0.3	0.9	3.5	-	-

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