

# CoreSeries Retirement 40% Growth Portfolio

Portfolio Performance to the quarter ended to 31 March 2024

## Portfolio details

### Investment Objective

To outperform the AUCPI + 2% Index over the medium to longer term whilst providing income generation and capital preservation.

### Investment Strategy

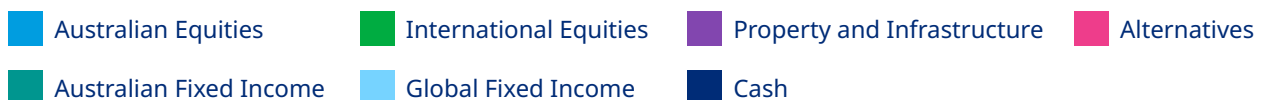
This portfolio is designed for the benefit of retiree investors who are seeking to preserve, through a diversified mix of growth and defensive assets, the capital value of their investment portfolio over the longer-term whilst providing a level of income.

	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%) <sup>*</sup>
CoreSeries Retirement 40% Growth <sup>**</sup>	1.6	3.3	7.6	3.3	8.0	-	-	2.8
AUCPI +2%	0.4	1.3	2.4	1.3	5.5	-	-	7.4
Excess return <sup>**</sup>	1.2	2.0	5.2	2.0	2.5	-	-	-4.6

<sup>\*</sup> Performance since 30 June 2021.

<sup>\*\*</sup> Please note on 18 December 2023, the risk profile was adjusted from 30% to 40% growth with a resulting update of the investment strategy benchmark.

### Actual Asset Allocation



## Market Commentary

The portfolio delivered a return of 3.3% for the March quarter compared to its benchmark return of 1.3%.

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 Plato Australian Shares Income Fund generated a return of 5.3% over the March quarter, performing in line with the benchmark. Plato's systematic approach to capturing income modestly detracted as dividend yield was not rewarded over the period. However, the fund outperformed in the Consumer Discretionary and Industrials sectors, partially offset by underperformance in Information Technology and Financials.

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 Epoch Global Equity Shareholder Yield Fund returned 11.1%, underperforming its benchmark by 3.0% over the March quarter. Communication Services detracted most, primarily due to the portfolio's exposure to Canadian Telecommunications companies.

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 SG Hiscock Property Income Fund underperformed with its quarterly return of 5.7%. The strategy is index agnostic and has a strong bias towards generating income for the portfolio.

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 Colchester Global Government Bond Fund delivered a negative return (-1.1%) over the March quarter. The fund's underweight US, Europe and UK bond exposures were key detractors from performance. The Payden Global Income Opportunities Fund returned 1.5% with tactical interest rate positioning driving outperformance. The strategy provides exposure to risk assets, such as high yield, emerging market debt and bank loans which benefitted from the robust economic backdrop over the quarter. 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 Janus Henderson Tactical Income Trust returned 1.4%, outperforming its benchmark. The strategy benefitted from solid credit returns, which generated excess return from income advantage and spread contraction. Additionally, the portfolio's sector allocation contributed to alpha, with the Banking sector adding value. The Daintree Core Income Trust returned 2.3% over the quarter, outperforming its RBA cash rate target by 1.2%. The strategy saw performance driven by strong returns from coupons, as well as positive movement in credit spreads early in the quarter.

The Metrics Direct Income Fund returned 2.4% over the quarter. The strategy aims to generate regular monthly income through direct lending across a diversified fund of Australian corporate private credit investments.

## 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>					
Alphinity Concentrated Australian Share Fund	3.0	5.8	12.6	9.1	8.9
DNR Australian Equities Income Fund	2.4	4.9	11.1	8.5	-
Plato Australian Shares Income Class A	3.4	5.3	12.1	7.9	7.3
<b>International Equities</b>					
Acadian Global Managed Volatility Equity A	2.8	10.3	17.2	12.9	9.2
Epoch Global Equity Shareholder Yield (Unhedged) A	3.6	11.1	17.7	12.4	8.7
Robeco Emerging Conservative Equity (AUD)	0.5	7.9	19.1	9.2	5.9
Vanguard International Equities Hedged	3.3	10.0	25.0	8.7	11.2
<b>Property and Infrastructure</b>					
SG Hiscock Property Income Fund	7.4	5.7	15.8	7.7	3.7
<b>Alternatives</b>					
Metrics Direct Income Fund	0.7	2.4	10.0	7.2	-
<b>Australian Fixed Income</b>					
Daintree Core Income Trust	0.7	2.3	8.3	2.6	2.7
Janus Henderson Tactical Income Fund	0.7	1.4	6.7	2.2	2.5
Macquarie True Index Australian Fixed Interest Fund	1.1	1.0	1.5	-1.3	0.2
Perpetual Diversified Income	0.7	2.2	8.1	3.6	3.5
Smarter Money Higher Income Fund	0.4	1.4	6.5	2.4	2.6
<b>Global Fixed Income</b>					
Colchester Global Government Bond Fund	0.4	-1.1	1.2	-2.2	0.0
Payden Global Income Opportunities Fund	0.3	1.5	4.4	0.9	1.3
T Rowe Price Dynamic Global Bond Fund	0.2	0.2	-4.9	-1.2	1.5

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