

# CoreSeries Defensive

Portfolio Performance to 30 April 2023

## 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.

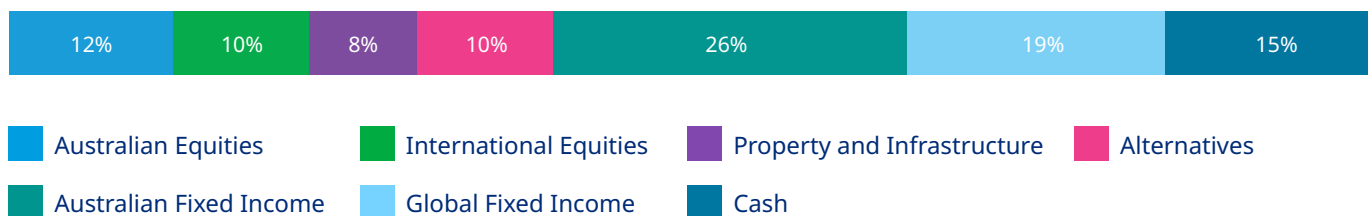
### Investment Strategy

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.

	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception pa (%)*
CoreSeries Defensive	0.8	0.9	4.4	3.7	0.5	3.0	-	3.1
AUCPI + 1.5%	0.6	1.7	3.8	2.3	8.4	6.3	-	5.1
Excess return	0.2	-0.8	0.6	1.4	-7.9	-3.3	-	-2.0

\* Performance since 30 November 2018.

### Actual Asset Allocation



May not sum to 100.0% due to rounding.

## Market Commentary

The CoreSeries Defensive portfolio returned 0.8% outperforming its AUCPI + 1.5% benchmark by 0.2%.

Risk asset returns in developed markets were mostly positive, while defensive assets also provided modest gains. Emerging market equities were lower than their developed market counterparts on the weakness in Chinese stocks. Headline inflation continued to decline in major economies, reaching 5.0% in the US, which is its lowest level since mid-2021. In the UK, inflation fell by less than expected and remained above 10.0%, the highest rate in major developed economies. The People's Bank of China and Reserve Bank of Australia left key lending rates unchanged.

Australian equity returns were positive this month, with the ASX 300 returning 1.8%. Fidelity Australian Opportunities outperformed its respective benchmark primarily due to stock selection in the materials sector where strong gold prices supported the position in gold miner Evolution Mining. Platypus, Solaris and RealIndex underperformed their respective benchmarks over April. The best performing sectors were Real Estate (5.2%) and IT (4.5%), while the weakest performing sectors were Materials (-2.6%) and Utilities (1.4%).

The broad MSCI World ex Australia Accumulation Index returned 1.6% in hedged terms and 3.2% in unhedged terms over the month as the AUD depreciated against most major world currencies. All the underlying international equity managers underperformed the benchmark over April. Ardevora was the leading underperformer with sector allocation to Information Technology and Financials detracting from performance. T. Rowe also underperformed as stock selection in the health care sector such as Daiichi Sankyo detracted from relative performance.

Australian Listed Property, Global Listed Property and Global Listed Infrastructure benchmarks posted gains over the month, returning 5.2%, 2.1% and 2.1% respectively. Within Global Listed Property, Principal outperformed its benchmark driven by stock selection, with The Americas being the main contributor to performance. Stock selection within senior housing also rebounded, driven by positive industry data. Furthermore, in the global listed infrastructure space, Magellan also outperformed the benchmark over the month.

Returns for most Australian bondholders were marginally positive over April despite 10-year bond yields increasing, five-year bond yields and two-year bond yields remaining unchanged. Janus Henderson outperformed its respective benchmark with higher coupon income contributing positively to performance as credit spreads stabilised. Pandal also outperformed over the month, with sector positioning within supra-nationals and financial servers being the main drivers of outperformance.

Hedged Overseas Government Bonds returned 0.2% over the month as bond yields generally saw modest changes for most countries during the month. Most ten-year bond yields moved slightly higher over the month, increasing in the UK, Germany, and Japan, while decreasing in the US. Credit spreads generally declined during the month, with investment-grade spreads falling 2bps and high yield spreads declining 3bps. Western underperformed its respective benchmark with an overweight duration in the UK and Europe detracting from performance. Furthermore, an underweight to US duration as yields fell across the curve and European duration positioning as yields rose across the curve, resulted in PIMCO underperforming its benchmark over the month of April.

The CoreSeries Defensive 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. (%)
<b>Australian Equities</b>					
Fidelity Australian Opportunities MPS Fund	1.8	-2.8	-1.3	11.9	-
Platypus Australian Equity MPS Fund	1.5	1.5	6.4	-	-
Realindex Australian Shares MPS Fund	1.2	-1.0	3.1	17.1	-
Solaris Core Australian Equity MPS Fund	1.4	-2.6	1.5	11.9	-
<b>International Equities</b>					
Ardevora Global Equities MPS Fund	1.9	7.3	5.5	7.1	-
Blended Global Equities Hedged MPS Fund	0.8	0.3	-0.9	9.5	-
Guardcap Global Equity MPS Fund	2.4	12.0	14.1	15.2	-
T. Rowe Price Global Focused Equity MPS Fund	2.4	7.6	5.2	10.0	-
Wellington Global Equity MPS Fund	2.7	4.3	14.6	13.6	-
<b>Property and Infrastructure</b>					
Mercer Indexed Australian Listed Property Fund	5.1	-2.4	-10.3	11.0	5.1
Principal Global Property MPS Fund	2.2	-4.6	-17.2	3.0	-
Magellan Wholesale Plus Infrastructure Fund	3.3	2.1	-1.4	6.6	4.5
<b>Alternatives</b>					
BT Multi-Strategy Alternatives Fund	-0.2	0.6	-1.4	-	-
<b>Australian Fixed Interest</b>					
Macquarie Australian Bond MPS Fund	0.3	2.4	2.4	-1.7	-
Janus Henderson Australian Fixed Interest MPS Fund	0.2	2.1	2.5	-1.6	-
Kapstream Wholesale Plus Absolute Return Income Fund	0.4	1.2	2.0	1.4	1.6
Pendal Australian Fixed Interest MPS Fund	0.2	2.0	1.8	-2.3	-
<b>Global Fixed Interest</b>					
PIMCO Global Fixed Interest MPS Fund	0.2	-0.1	-2.6	-2.0	-
Wellington Global Bond MPS Fund	0.0	0.3	-2.5	-3.1	-
Western Asset Global Bond MPS Fund	0.1	0.4	-2.4	-1.9	-
<b>Cash</b>					
Advance Cash Multi-Blend Fund	0.3	0.9	2.5	0.9	1.3
Panorama Cash	0.3	-	-	-	-





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