

# CoreSeries Defensive

Portfolio Performance to 31 August 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.

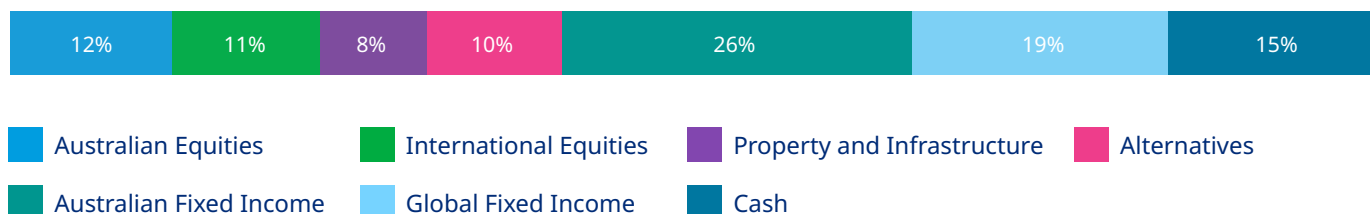
### Investment Strategy

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 p.a. (%)*
CoreSeries Defensive	0.2	1.4	2.2	4.1	3.5	1.9	-	2.9
AUCPI + 1.5%	0.6	1.6	2.9	4.1	7.2	6.8	-	5.1
Excess return	-0.4	-0.2	-0.7	0.0	-3.7	-4.8	-	-2.2

\* Performance since 30 November 2018.

### Actual Asset Allocation



\*May not sum to 100% due to rounding.

## Market Commentary

In August, the CoreSeries Defensive portfolio returned 0.2% underperforming its AUCPI + 1.5% benchmark by 0.4%.

Equities lost momentum and weakened (in local currency terms) after a strong rally over recent months. On a relative basis, US equities outperformed most major developed and emerging markets, while growth stocks generally outperformed value. Fixed income returns were broadly flat to slightly negative. The real asset sector saw the largest declines with global REITs and infrastructure down markedly. A combination of weaker forward-looking indicators, a modest uptick in inflation data, particularly in the US, and Fitch Ratings' downgrade of its US credit rating at the start of August, impacted returns.

Whilst the Australian share market was a little weaker across August (S&P/ASX 300 Accumulation Index -0.8%), it outperformed hedged overseas indices. Best performing sectors were Consumer Discretionary (5.8%) and Real Estate (2.2%), while weakest were Materials (-2.0%) and Consumer Staples (-3.1%). The Realindex Australian Shares MPS Fund underperformed its benchmark over the month due to underweights to CSL and Goodman, which detracted from performance. However, Solaris Core Australian Equity MPS Fund outperformed its benchmark driven by overweight holdings to Goodman Group, Altium Limited and Cochlear Limited.

The broad MSCI World ex-Australia Accumulation Index returned -1.8% in hedged terms and 1.6% unhedged over the month as the Australian Dollar (AUD) depreciated against most major developed market currencies. On a global basis, best performing sectors were Energy (6.0%) and Healthcare (3.3%), while weakest were Utilities (-1.6%) and Materials (-0.5%). The T. Rowe Price Global Focused Equity MPS Fund outperformed its benchmark with stock selection in the health care sector contributing to relative performance, particularly Eli Lilly following a positive earnings release. However, the Wellington Global Equity MPS Fund underperformed its benchmark due to weak security selection in healthcare, industrials and consumer staples.

August was a very weak month for global listed real assets as the FTSE EPRA/NAREIT Developed (Global REITs) decreased 2.6% and FTSE Global Core Infrastructure 50/50 Index returned -4.6% (both in AUD hedged terms). Within Global Listed Infrastructure, the Magellan Wholesale Plus Infrastructure Fund underperformed its benchmark due to stock selection, particularly toll road operator, Transurban, which dropped in value as Australian bond yields rose over the month. Whilst the Principal Global Property MPS Fund delivered a negative return over the month, it did outperform its benchmark.

Returns for most Australian bondholders were positive over August. In a bull steepening move, 10-year bond yields decreased slightly (-3bps to 4.02%), alongside five-year bond yields (-6bps to 3.77%) and two-year bond yields (-24bps to 3.81%). The Pandal Australian Fixed Interest MPS Fund outperformed its benchmark over the month due to the fund's positioning in financials, industrials and utilities. Janus Henderson Australian Fixed Interest MPS Fund also outperformed due to overweight duration and de-risking into the spread rally. Within the Macquarie Australian Bond MPS, the portfolio's sector positioning to financials and corporates contributed positively to performance.

Hedged Overseas Government Bonds delivered a narrow loss of -0.3% over the month as government bond yields experienced an uptick in most major regions. Using 10 year government bonds as a guide, US yields saw a jump of 16bps, both Japan and UK were up 6bps, however, there were slight declines for German and Australian 10 year yields. The Wellington Global Bond MPS Fund performed in line with its benchmark, due to an underweight duration position to the US and UK. Similarly, the PIMCO Global Fixed Interest MPS Fund also performed in line with its benchmark due to an overweight to financials within corporate investment grade credit, as spreads tightened. However, the Western Asset Global Bond MPS Fund underperformed over the month as its overweight to US duration detracted from portfolio returns as bond yields moved higher.

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	-1.7	1.4	4.8	7.6	-
Platypus Australian Equity MPS Fund	-0.7	3.6	9.1	-	-
Realindex Australian Shares MPS Fund	-0.9	5.5	10.9	14.0	-
Solaris Core Australian Equity MPS Fund	0.2	3.9	8.5	9.5	-
<b>International Equities</b>					
Ardevora Global Equities MPS Fund	1.0	4.9	15.6	6.4	-
Blended Global Equities Hedged MPS Fund	-2.2	4.8	8.9	4.7	-
Guardcap Global Equity MPS Fund	2.0	3.7	21.6	13.8	-
T. Rowe Price Global Focused Equity MPS Fund	2.2	5.6	20.5	7.3	-
Wellington Global Equity MPS Fund	0.1	6.5	19.8	14.1	-
<b>Property and Infrastructure</b>					
Mercer Indexed Australian Listed Property Fund	2.1	6.0	5.7	7.4	4.1
Principal Global Property MPS Fund	-2.6	2.6	-7.7	0.8	-
Magellan Wholesale Plus Infrastructure Fund	-5.3	-4.2	-8.3	2.8	2.6
<b>Alternatives</b>					
Mercer Multi-Strategy Alternatives Fund	2.3	2.3	1.6	-	-
<b>Australian Fixed Interest</b>					
Macquarie Australian Bond MPS Fund	0.9	-0.6	2.6	-2.8	-
Janus Henderson Australian Fixed Interest MPS Fund	1.0	-0.3	2.9	-2.9	-
Kapstream Wholesale Plus Absolute Return Income Fund	0.6	1.4	4.0	1.4	1.7
Pendal Australian Fixed Interest MPS Fund	0.7	-0.6	2.0	-3.2	-
<b>Global Fixed Interest</b>					
PIMCO Global Fixed Interest MPS Fund	-0.3	0.0	-0.8	-3.4	-
Wellington Global Bond MPS Fund	-0.3	-0.8	-1.7	-3.9	-
Western Asset Global Bond MPS Fund	-0.5	-0.3	-0.8	-3.6	-
<b>Cash</b>					
Advance Cash Multi-Blend Fund	0.4	1.1	3.6	1.4	1.4
Platform Cash	0.3	0.8	-	-	-



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