CoreSeries High Growth

Portfolio Performance to 31 May 2023

Portfolio details

Investment Objective

The portfolio aims to achieve an Inflation (Consumer Price Index “AUCPI”) + 4.5% p.a. objective over rolling seven year periods by taking exposures to mix of growth asset classes.

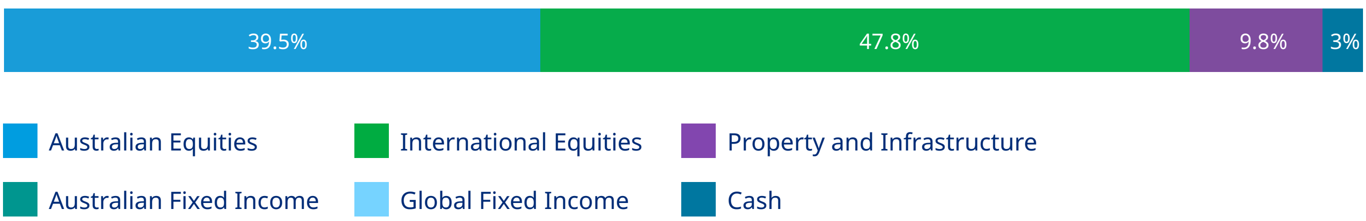
Investment Strategy

The strategy is an actively managed diversified portfolio investing in predominately growth asset classes such as equities, property and infrastructure. The portfolio’s exposure will typically be 97% growth assets and 3% 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 High Growth	-1.6	1.1	1.5	5.2	3.1	9.1	-	8.0
AUCPI + 4.5%	0.8	2.4	5.1	4.1	11.2	9.6	-	8.1
Excess return	-2.4	-1.3	-3.6	1.1	-8.1	-0.5	-	-0.1

* Performance since 30 November 2018.

Actual Asset Allocation



May not sum to 100.0% due to rounding.

Market Commentary

The CoreSeries High Growth portfolio returned -1.6% underperforming its CPI + 4.5% benchmark by -2.4%.

In May, risk asset returns in developed markets were mostly negative, bonds and real assets also generally declined. Emerging market equities returns were marginally positive. News flow during May focused predominantly on the debt ceiling deadline looming in early June. Overall, the market impact has been fairly limited, although ratings agencies have placed US credit on watch for potential downgrades. In spite of economic resilience, headline inflation continued to decline in most major economies with it falling to just under 5% in the US. Inflation in Japan rose to 3.5%, which is high by historical standards, but still lower than in other developed countries. In the UK and Eurozone, inflation remains more resilient, but also on a downward trajectory.

Australian equity returns were negative this month, with the ASX 300 returning -2.5%. Fidelity Australian Opportunities outperformed its respective benchmark primarily due to stock selection in the financials and materials, predominantly Suncorp and Cleanaway Waste Management. Platypus also outperformed its benchmark over May due to an overweight allocation to Information Technology and an underweight to Real Estate. The best performing sectors were IT (10.4%) and Utilities (1.1%), while the weakest performing sectors were Consumer Discretionary (-6.2%) and Consumer Staples (-4.5%).

The broad MSCI World ex Australia Accumulation Index returned -0.2% in hedged terms and 1.2% in unhedged terms over the month as the AUD depreciated against the USD and GBP. Most underlying international equity managers underperformed their respective benchmarks with the exception of T.Rowe. T.Rowe outperformed due to stock selection and sector allocation in the information technology sector which contributed to relative performance. However, Wellington underperformed over May due to security selection within information technology, industrials and consumer discretionary which detracted from performance.

The MSCI Emerging Markets Index was up 0.4% in AUD terms. The Russell Emerging Markets Fund underperformed the benchmark, due to stock selection in India and China.

Australian Listed Property, Global Listed Property and Global Listed Infrastructure benchmarks posted gains over the month, returning -1.8%, -3.8% and -4.8% respectively. Within Global Listed Infrastructure, Magellan outperformed its benchmark over the month of May. However, Principal underperformed its benchmark driven by stock selection in the US and an underweight to the data centre sector.

Returns for most Australian bondholders were negative over May as 10-year bond yields, five-year bond yields and two-year bond yields increased.

Global bond markets generated a negative return over May with the Barclays Capital Global Aggregate Bond Index (Hedged) returning -0.5% and the FTSE World Government Bond (ex-Australia) Index (Hedged) returning -0.6%. Most ten-year bond yields moved higher over the month, increasing in the UK, the US, and Japan, while decreasing in Germany. Rate markets continue to grapple with the question of how long monetary policy will remain tight. The bond market is pricing in an initial rate cut toward the end of this year or early next year, but US Fed officials have generally cast doubt on that timeline. Credit spreads moved slightly higher during the month.

The CoreSeries High Growth 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	-1.9	-2.3	0.2	9.5	-
Platypus Australian Equity MPS Fund	-2.2	1.4	9.3	-	-
Realindex Australian Shares MPS Fund	-3.5	-2.4	1.9	13.9	-
Solaris Core Australian Equity MPS Fund	-2.2	-1.9	2.2	9.7	-
International Equities					
Ardevora Global Equities MPS Fund	-0.1	5.0	6.8	5.0	-
Blended Global Equities Hedged MPS Fund	-1.6	1.1	-1.2	6.9	-
Guardcap Global Equity MPS Fund	-1.7	8.6	16.6	13.3	-
Russell Investments Wholesale Plus Emerging Markets Fund	0.2	2.8	-1.7	4.1	-
T. Rowe Price Global Focused Equity MPS Fund	4.0	10.7	13.4	8.7	-
Wellington Global Equity MPS Fund	-2.1	0.9	11.1	11.8	-
Property and Infrastructure					
Mercer Indexed Australian Listed Property Fund	-1.8	-3.8	-3.8	7.9	4.1
Principal Global Property MPS Fund	-3.9	-5.2	-15.7	1.6	-
Magellan Wholesale Plus Infrastructure Fund	-4.4	0.3	-6.3	3.8	3.7
Cash					
Advance Cash Multi-Blend Fund	0.3	0.9	2.8	1.0	1.3
Panorama Cash	0.2	-	-	-	-

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