

CoreSeries Defensive

Portfolio Performance to 30 November 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.

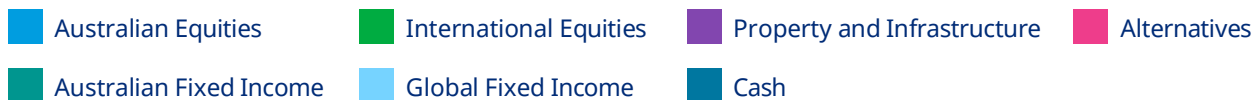
Investment Strategy

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	3.2	0.2	1.6	4.3	2.7	0.9	2.8	2.8
AUCPI + 1.5%	0.6	1.7	3.1	5.8	6.5	6.8	5.2	5.2
Excess return	2.6	-1.5	-1.5	-1.5	-3.8	-5.9	-2.4	-2.4

* Performance since 30 November 2018.

Actual Asset Allocation



May not sum to 100.0% due to rounding.

Market Commentary

In November, the CoreSeries Defensive portfolio returned 3.2% outperforming its AUCPI + 1.5% benchmark by 2.6%.

Economic data releases over the past month continue to paint a mixed picture for the Australian economy. NAB's monthly business survey suggests ongoing resilience in trading conditions whilst other surveys point to softer conditions. Meanwhile, house prices rose again last month, with a further 0.6% Month-on-Month increase in November, despite the elevated level of interest rates. A tight labour market is playing a crucial role in sustaining the housing market and limiting weaknesses in consumer spending.

Australian Shares had a strong performance in November, with the S&P/ASX 300 Index returning 5.1%, driven by the soft-landing narrative that grew in prominence. The increasing risk-on sentiment led to particularly strong outperformance in the Small Caps space, with the ASX Small Ordinaries index up 7.0% over the period. Increased risk appetite also led to outperformance of Information Technology names, with the sector returning 8% in November. Growth managers outperformed Value managers over November, as reflected through Platypus' outperformance against the benchmark, driven by the manager's overweight to Healthcare and IT. In contrast, Value manager Realindex underperformed the benchmark, due to their underweight to Healthcare. Core manager Solaris, performed in line with the benchmark, with stock selection, notably an overweight to James Hardie and underweight allocation to Origin Energy contributing to positive performance.

The MSCI World ex-Australia Index performed strongly over November, returning 8.0% in hedged terms and 4.4% in unhedged AUD terms. Global Equities rallied on a shift in positive risk sentiment, while consumers remained strong despite rates remaining at restrictive levels. From a factor perspective, Growth outperformed as the market returned to narrow leadership over the month, with the 7 US Mega Cap Technology names contributing over a quarter of the Index's performance over the period. T Rowe outperformed its benchmark with stock selection in IT contributing positively to returns. This is in line with expectations given the outperformance of growth names over the month. Value manager Wellington underperformed its benchmark with an underweight to Information Technology and Consumer Discretionary.

The S&P/ASX 300 A-REIT Accumulation Index experienced a significant increase of 10.9% in November whilst the FTSE EPRA/NAREIT Developed Index (AUD hedged) rose by 9.1%. This is largely driven by a decline in global bond yields. REITs continue to trade with high sensitivity to interest rate expectations, despite earnings and balances sheets remaining in relatively good condition. Similarly, the FTSE Global Core Infrastructure 50/50 Index (AUD hedged) returned 6.5% in November. The Magellan Wholesale Plus Infrastructure Fund outperformed its benchmark slightly over the month with stock selection in Aena, Ferrovial and Vinci contributing positively to returns.

Australian bond yields declined across maturities in November as inflation data continues to moderate. This, coupled with sentiment from declining global bond yields, led to a fall of -52bps in the Australian 10-year bond yield for the month, to 4.41%. Consequently, the Bloomberg Ausbond Treasury Index gained 3.1%. The Janus Henderson Australian Fixed Interest MPS Fund exceeded its benchmark over November, with an overweight to duration benefiting from the fall in yields. Security selection was also positive over November, driven by Semi-Government bond exposure as spreads narrowed. The Pandal Australian Fixed Interest MPS Fund performed in line with the benchmark over the month, whilst the Macquarie Australian Fixed Interest MPS Fund outperformed due to duration and curve positioning.

Global Sovereign Bond performance was mostly positive in November as yields declined in the US (-55bps to 4.36%), the UK (-33bps to 4.20%) and Japan (-24bps to 0.68%). This decline in yields was driven by below expectation inflation readings in developed markets. Additionally, the US Treasury announcement of a lower-than-expected increase in the issuance of longer-dated bonds, and Federal Reserve officials adopting a less hawkish stance, expressed confidence in the ability of current policies to slow economic growth and achieve inflation targets. The FTSE World Government Bond (ex-Australia) Index and the Bloomberg Global Aggregate Bond Index returned 2.9% and 3.2% respectively in November on a fully hedged basis. Spreads also tightened globally as market expectations around the likelihood of a credit squeeze or recession diminished. The Western Asset Global Bond MPS Fund outperformed its benchmark over the month, as an overweight allocation to US, Core European and UK duration drove returns. The PIMCO Global Fixed Interest MPS Fund also outperformed modestly, with an overweight to both Australian duration and Securitized Assets helping drive positive returns.

Changes over the quarter

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. (%)
Australian Equities					
Fidelity Australian Opportunities MPS Fund	4.2	-3.3	-3.3	3.8	6.9
Platypus Australian Equity MPS Fund	10.3	-1.1	5.0	-	-
Realindex Australian Shares MPS Fund	4.6	-0.3	3.2	9.9	10.0
Solaris Core Australian Equity MPS Fund	4.9	-1.6	0.3	6.4	7.2
International Equities					
Blended Global Equities Hedged MPS Fund	7.0	1.6	7.6	2.3	6.6
Guardcap Global Equity MPS Fund	1.9	-0.4	13.7	9.3	8.4
T. Rowe Price Global Focused Equity MPS Fund	5.0	-0.5	16.5	3.0	13.9
Wellington Global Equity MPS Fund	3.0	-1.7	8.3	10.6	11.9
Property and Infrastructure					
Mercer Indexed Australian Listed Property Fund	10.9	-4.5	0.6	2.2	4.2
Principal Global Property MPS Fund	9.5	-0.5	-2.9	-0.6	-0.9
Magellan Wholesale Plus Infrastructure Fund	7.9	3.7	-2.2	3.0	3.4
Alternatives					
Mercer Multi-Strategy Alternatives Fund	-0.2	1.4	3.7	-	-
Australian Fixed Interest					
Macquarie Australian Bond MPS Fund	3.1	-0.4	1.1	-3.5	0.6
Janus Henderson Australian Fixed Interest MPS Fund	3.5	-0.6	1.4	-3.7	0.6
Kapstream Wholesale Plus Absolute Return Income Fund	0.6	1.5	5.6	1.6	2.0
Pendal Australian Fixed Interest MPS Fund	3.1	-0.4	0.7	-3.8	0.4
Global Fixed Interest					
PIMCO Global Fixed Interest MPS Fund	3.3	0.8	1.4	-3.7	0.5
Wellington Global Bond MPS Fund	3.1	0.5	-0.1	-4.1	-0.1
Western Asset Global Bond MPS Fund	4.1	0.6	1.0	-4.0	0.4
Cash					
Advance Cash Multi-Blend Fund	0.4	1.1	4.0	1.7	1.4
Platform Cash	0.3	0.8	-	-	-



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