CoreSeries Retirement 40% Growth Portfolio

Portfolio Performance to 29 February 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

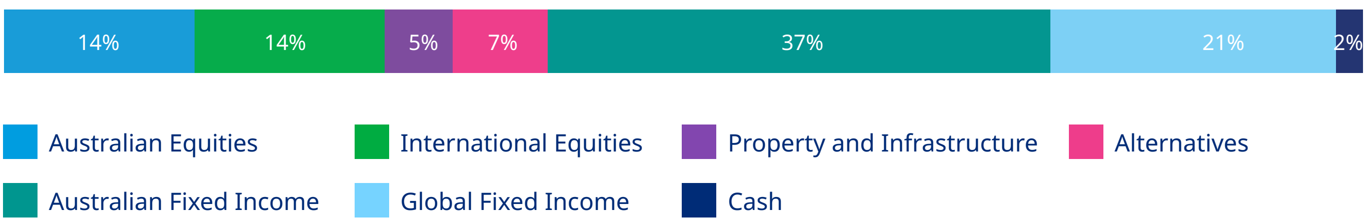
This portfolio is designed for the benefit of retiree investors who are seeking to preserve, through a diversified mix of growth and defensive assets, the capital value of their investment portfolio over the longer-term whilst providing a level of income.

	1 Mth (%)	3 Mth (%)	6 Mth (%)	YTD (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)	Since inception p.a. (%)*
CoreSeries Retirement 40% Growth**	0.7	4.3	4.3	1.7	6.5	-	-	2.3
AUCPI +2%	0.4	1.2	2.5	0.9	5.7	-	-	7.5
Excess return**	0.3	3.1	1.8	0.8	0.8	-	-	-5.2

* Performance since 30 June 2021.

** 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

Over February, the CoreSeries Retirement 40% Growth portfolio returned 0.7% outperforming its AUCPI + 2% benchmark by 0.3%.

Australian economic conditions have remained broadly resilient in February, albeit with some signs of easing. The unemployment rate ticked up to 4.1% in January from 3.9%, whilst readings from the latest NAB Business Survey indicated positive but easing business conditions. The January reading of the Consumer Price Index (CPI) remained unchanged at 3.4% Year-on-Year. Whilst the RBA left interest rates unchanged at 4.35% p.a. in their February meeting, the meeting minutes showed that the RBA board had also considered the case for raising rates, suggesting the Bank's focus remains squarely on inflation reduction.

The S&P/ASX 300 Index advanced 1.0% in February. The stronger performance of cyclicals was a theme for the month with Consumer Discretionary (9.7%), Financials (3.5%) and Industrials (3.5%) among the positively contributing sectors. The Material sector (-5.9%) was an outlier, driven by lacklustre economic conditions in China and weakness in a number of metals prices weighing on the sector. IT (19.7%) was an outsize contributor to the positive performance of the Australian market off the back of the global Technology sector rally. The DNR Equities Income Fund returned 0.5% over the month, underperforming its benchmark as well as the broader index. Relative performance was largely driven by the strategy's overweight to defensive names, which underperformed in the recent risk-on rally. The Plato Australian Shares Income Fund performed in line with the Index over February inclusive of 1.0% franked income. Stock selection was key to performance, with overweight positions in Wesfarmers, CSR, Suncorp and Altium driving performance.

The MSCI World ex-Australia Index delivered another strong return in February, up 4.7% (Hedged) and 5.9% (Unhedged). Cyclical sectors were among the top contributors with Consumer Discretionary (9.1%), Information Technology (7.7%) and Industrials (7.4%) among the strongest performers. At the company level, the "Magnificent 7" again performed well, led by Nvidia which increased 30.5%. The MSCI Emerging Markets Index returned 6.4% in February, outperforming Developed Markets. This was driven largely by strong performance from China, with the Shanghai Composite up 8.1% in February on the back of renewed government stimulus measures which can be expected to buoy market performance. The Epoch Global Equity Shareholder Yield Fund returned 3.6% over February. From a factor perspective, exposure to global dividend yields underperformed relative to momentum. The Robeco Emerging Conservative Equity Fund returned 4.1% over February. The strategy's underperformance against the Emerging Markets index was driven by its underweight to China, a key factor which had driven returns in prior months.

A-REITs increased by 4.8% in February, outperforming the broader equity market, driven by strong contributions from companies like Goodman Group (16.9%) which raised its full year guidance for profits with data centres emerging as a key growth driver. The SGH Property Income Fund returned -2.2% over February. Underperformance was driven by stock selection, a notable underweight to Goodman Group.

Global Sovereign Bond yields broadly rose over the month, with markets paring back expectations for near term interest rate cuts following ongoing resilient economic data in the US and central bank rhetoric warning against such expectations. Overall, the rise in bond yields in most regions led to a challenging month for Global Sovereign Bonds as an asset class with the FTSE World Government Bond (ex-Australia) Index down -0.8% on a fully hedged basis. Against a backdrop of better-than-expected earnings and resilient economic data in the US, credit spreads broadly ended the month lower. The Payden Global Income Opportunities Fund returned 0.5% over the month, modestly exceeding its benchmark. The strategy's conservative duration positioning drove relative outperformance. The Colchester Global Government Bond Fund returned -0.8% over the month, with short USD positioning detracting, whilst an underweight to the sovereigns in the US and Europe contributed positively to returns.

In Australia, government bond yields also moved broadly higher, albeit primarily in longer-dated bonds on the back of global market conditions. Shorter-dated bonds saw little change in yields, with economic data in Australia showing some signs of softening. Investment grade credit spreads in Australia also tightened modestly over the month with the change reasonably broad based across the Financials, Industrials and Utilities sectors. The Coolabah Short Term Income Fund returned 0.6% over the month; outperformance was driven by its duration positioning, shielding the strategy from rising yields as well as the strategy's exploitation of mispricings within Australian Floating Rate Notes. The Daintree Core Income Trust meanwhile returned 0.9% for the month. Relative outperformance was driven by strong coupon income, which compensated for the strategy's modest overweight to duration.

Portfolio Changes over the Month:

No changes were made to the portfolio over the month.

Underlying Fund Returns

	1 Mth (%)	3 Mth (%)	1 Yr (%)	3 Yrs p.a. (%)	5 Yrs p.a. (%)
Australian Equities					
Alphinity Concentrated Australian Share Fund	1.1	9.2	8.6	9.1	8.5
DNR Australian Equities Income Fund	0.5	9.1	5.2	9.4	-
Plato Australian Shares Income Class A	1.0	8.6	8.3	8.0	6.8
International Equities					
Acadian Global Managed Volatility Equity A	3.6	7.4	19.4	14.5	8.7
Epoch Global Equity Shareholder Yield (Unhedged) A	3.6	9.4	14.9	13.8	8.2
Robeco Emerging Conservative Equity (AUD)	4.1	9.5	22.4	11.5	5.8
Vanguard International Equities Hedged	4.7	10.7	24.1	9.0	10.8
Property and Infrastructure					
SG Hiscock Property Income Fund	-2.2	9.6	2.0	6.6	3.4
Alternatives					
Metrics Direct Income Fund	0.7	2.4	9.9	7.2	-
Australian Fixed Income					
Daintree Core Income Trust	0.9	2.6	7.6	2.4	2.7
Janus Henderson Tactical Income Fund	0.2	2.3	5.7	2.1	2.4
Macquarie True Index Australian Fixed Interest Fund	-0.3	2.6	3.5	-1.4	0.3
Perpetual Diversified Income	0.7	2.3	7.3	3.5	3.5
Smarter Money Higher Income Fund	0.6	1.7	6.1	2.4	2.6
Global Fixed Income					
Colchester Global Government Bond Fund	-0.8	2.0	3.6	-2.4	0.2
Payden Global Income Opportunities Fund	0.5	1.8	4.3	0.8	1.3
T Rowe Price Dynamic Global Bond Fund	-0.1	0.0	-4.7	-0.9	1.5

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