

# Navegar Australian Equity Mid/Small Cap Portfolio

## Portfolio performance - September 2024

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	2 yr (% pa)	S.I. (% pa)
Portfolio Total Return	3.70	7.98	6.89	21.26	15.14	7.49
Benchmark*	4.05	9.09	4.41	20.30	15.71	8.28
Excess Return	-0.35	-1.11	2.48	0.96	-0.57	2.12

Past performance is not a reliable indicator of future performance. Performance is calculated before taxes and other fees such as model management and platform fees and are net of underlying investment management fees. For full details of fees, please refer to the relevant platform provider. Performance is notional in nature and the actual performance of individual portfolios may differ to the performance of the Managed Portfolios. Inception date March 2018. \*Benchmark is the S&P/ASX 300 ex S&P/ASX 20 TR Index AUD.

## Market review

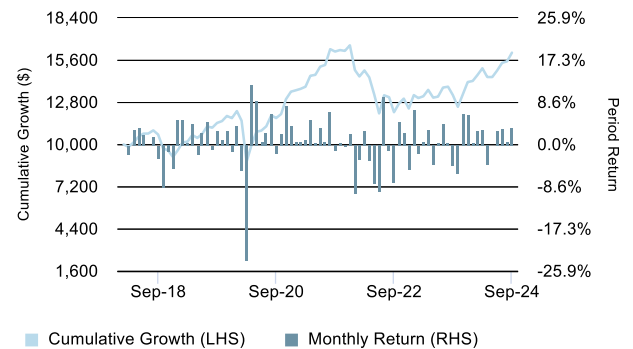
The September quarter saw strong performance in Australian equities, with the S&P/ASX 300 Accumulation Index rising +7.8%, reflecting a +21.7% increase year-on-year. This was driven by China’s stimulus measures and the US Federal Reserve’s 50 basis point rate cut. Australia’s unemployment rate remained steady at 4.2%, while inflation fell to 2.7% due to government rebates. The Information Technology sector thrived with an 15.3% gain, while energy stocks dropped 6.4% due to declining oil prices. Overall, Australian markets outperformed many global peers.

Globally, equities maintained an upward trend, fuelled by coordinated policy responses. Emerging markets significantly outperformed developed ones, with the MSCI Emerging Markets Index showing strength. Major developed markets, except Japan, reported positive returns, supported by the Fed’s rate cut and China’s stimulus. The MSCI World ex Australia Index rose 2.3%. Overall, the decline in global bond yields boosted investor sentiment in equities.

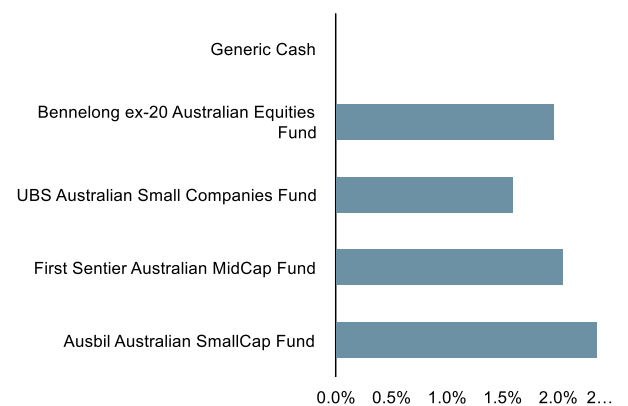
The property sector experienced positive momentum, benefiting from global interest rate cuts. The S&P/ASX 300 A-REIT Accumulation Index returned +14.3% in the September quarter, outperforming equities. Global REITs (as represented by the FTSE EPRA/NAREIT Developed NR Index (AUD Hedged)) returned +13.5% while the FTSE Global Core Infrastructure 50/50 Index (AUD Hedged) reported a +11.8% return.

Fixed-income markets displayed strong performance, as the market rallied in anticipation of a shift in the interest rate cycle at some stage in 2025 to rate cuts. This saw Australian bonds return +3.0% for the quarter and +7.1% over the year. The Bloomberg Global Aggregate TR Index (AUD Hedged) returned +4.0%. Anticipation of a broader global rate easing cycle is driving a shift towards fixed-income strategies. Overall, fixed-income markets anticipate a further easing in inflationary pressures and eagerly await a broader global rate cycle with the notable exception of Japan and the RBA Governor dampening local expectations until next year.

## Cumulative performance



## Performance contribution (3 Months)



Performance contribution measures the absolute contribution of each constituent asset class to the total performance of the portfolio.

## Portfolio Commentary

The Navegar Australian Equity Mid/Small Cap Portfolio underperformed the S&P/ASX 300 ex 20 TR benchmark for the quarter, with all funds contributing positively to absolute performance.

At the Fund level, the strongest performer over the quarter was the Ausbil Australian SmallCap Fund, driven by strong performance from ZIP, Life360 and HUB24.

No changes were made to the portfolio over the quarter.

**We strongly recommend that potential investors read the product disclosure statement or investment statement.**

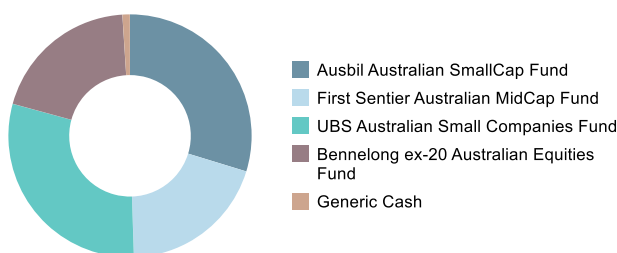
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## Portfolio structure

Asset class/Fund	Fund	%
<b>Australian Equities - Mid/Small</b>		<b>99</b>
	Ausbil Australian SmallCap Fund	
	First Sentier Australian MidCap Fund	
	UBS Australian Small Companies Fund	
	Bennelong ex-20 Australian Equities Fund	
<b>Cash</b>		<b>1</b>
	Generic Cash	

## Asset allocation breakdown



## Investment strategy/objective

### Portfolio objective

The Portfolio objective is to deliver outperformance of the stated benchmark over rolling five-year periods.

**Benchmark:** S&P/ASX 300 ex S&P/ASX 20 TR Index AUD.

### Investment Philosophy

Navegar seeks to deliver outperformance of the benchmark over rolling three-year periods by:

- Robust investment profiles tailored to meet client objectives
- A diversified approach to portfolio construction, with a strong focus on risk
- Skilled active management at a reasonable cost to add value over and above the index to varying degrees in asset sectors
- Blending strategies with low correlations and non-directional strategies to achieve true diversification.

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