

Navegar Conviction Australian Equity Portfolio

Portfolio performance – September 2024

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (%)	3 yr (% pa)	S.I. (% pa)
Portfolio Total Return	3.95	8.20	7.74	21.78	8.29	9.42
Benchmark*	3.07	7.80	6.51	21.68	8.12	9.16
Excess Return	0.88	0.40	1.23	0.10	0.17	0.26

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 1st March 2018. *Benchmark is the S&P/ASX 300 TR Index AUD.

Market review

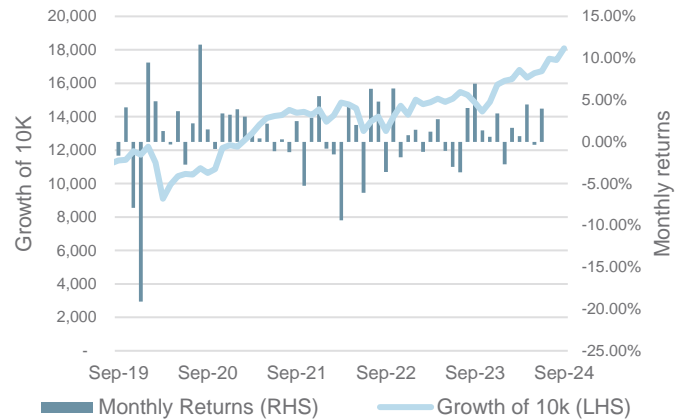
The September quarter saw strong performance in Australian equities, with the S&P/ASX 300 Accumulation Index rising +7.8%, reflecting a +21.7% increase year-on-year. This was driven by China's stimulus measures and the US Federal Reserve's 50 basis point rate cut. Australia's unemployment rate remained 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 contributors

Top 5 Contributors to Performance (12m)

	%
Woodside Energy Group Ltd	1.52%
Qantas Airways Limited	0.84%
Goodman Group	0.65%
Pro Medicus, Ltd.	0.62%
Woolworths Group Ltd	0.60%

Top 5 Detractors from Performance (12m)

	%
Arcadium Lithium Plc	-1.43%
Santos Limited	-1.36%
Nine Entertainment Co. Holdings Limited	-0.82%
Telstra Group Limited	-0.56%
Metcash Limited	-0.54%

Portfolio Commentary

12-Month Gross Yield

	%
Navegar Conviction Australian Equity Portfolio	4.47
Benchmark	4.60

Securities Added / Sold to Zero

Date	Security	Action
Sept-2024	South32 Ltd	Removed
Sept 2024	Arcadium Lithium Plc	Removed
Sept 2024	Brambles Limited	Added

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

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Portfolio structure

ASX Code	Company
BHP	BHP Group Ltd
CSL	CSL Limited
CBA	Commonwealth Bank of Australia
WBC	Westpac Banking Corporation
NAB	National Australia Bank Limited
TLS	Telstra Group Limited
QAN	Qantas Airways Limited
XRO	Xero Limited
STO	Santos Limited
GMG	Goodman Group
ALL	Aristocrat Leisure Limited
MQG	Macquarie Group, Ltd.
QBE	QBE Insurance Group Limited
RIO	Rio Tinto Limited
SUN	Suncorp Group Limited
TNE	Technology One Limited
MTS	Metcash Limited
SCG	Scentre Group
MIN	Mineral Resources Limited
JHX	James Hardie Industries
TWE	Treasury Wine Estates Limited
NXT	Nextdc Limited
MPL	Medibank Private Ltd.
NST	Northern Star Resources Ltd
DOW	Downer EDI Limited
ORA	Orora Limited
SEK	Seek Limited
BXB	Brambles Limited
VEA	Viva Energy Group Ltd.
PME	Pro Medicus, Ltd.
NEC	Nine Entertainment Co. Holdings Limited
RMD	Resmed Inc

Investment strategy/objective

Portfolio objective

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

Benchmark: S&P/ASX 300 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.

Portfolio Commentary

The Portfolio returned 8.20% outperforming the S&P/ASX 300 TR benchmark. Australian Equities enjoyed strong returns for the quarter, with the benchmark rising by 7.8%.

Materials sector rallied strongly in the last week of September on the back of the People's Bank of China (PBOC) announcing a larger than expected stimulus package to help prop up the ailing property market and provide additional liquidity into financial markets

Looking more closely at the individual sectors, Information Technology (+15.3%), REITs (+14.4%) and Materials (+10.8%) were the top performance sectors over the quarter. Energy (-6.4%) was the main laggard due to lower oil prices over the period.

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