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# Navegar High Growth Portfolio Update - Mar Qtr. 2025

## Portfolio performance

	1mth (%)	3 mth (%)	6 mth (%)	1yr (%)	2 yrs (%)	Since Inception (%)
Portfolio Total Return	-3.4	-2.3	-1.7	1.9	8.4	9.2
Benchmark*	-3.4	-1.9	0.2	6.6	11.5	12.4
CPI +4%	0.6	1.9	3.1	6.4	7.0	8.2

\*Navegar High Growth Long-Term Strategic Asset Allocation

Source: BT Panorama and Morningstar Direct. Performance history from 1 January 2023. Net of fees

\* The Benchmark is the performance of the Long-Term Strategic Asset Allocation assuming no active management or fees. Benchmark has been updated as of 19 December 2024.

## Market review

Developed Market equities were negative over the March quarter, with the MSCI World ex-Australia Index (Hedged into AUD) returning -2.5%. Despite a strong start in January for both domestic and overseas equities, the subsequent months saw rising uncertainty around the potential impact of tariffs, deregulation, fiscal policy, and immigration under President Trump's administration. This uncertainty culminated in March, with equity markets generally weaker due to concerns about potential tariffs and their consequences. Following the end of the quarter, volatility increased materially, as the USA announced tariffs on a range of trading partners.

In the US, the S&P 500 was weaker than broader Developed Markets, returning -4.3% for the quarter. February and March were characterized by increased uncertainty around trade policy and some weaker economic data. The Federal Reserve held rates steady at 4.5% at its meetings during the quarter. At its March meeting, the board highlighted that uncertainty around the economic outlook had increased recently and it marginally lowered its expectation for economic growth for the year.

Asian markets experienced varied performance across the quarter. January saw positive returns across major indices, with Chinese equities particularly strong due to optimism around local advancements in Artificial Intelligence and government stimulus measures. However, March saw mixed performance, with Taiwanese equities materially weaker due to tariff linked concerns for semiconductor maker TSMC.

European equities outperformed the US market throughout the quarter. January saw European equities stronger, driven by a rotation out of US technology stocks and strong broad-based returns across major European geographies. This trend continued in February and March, with European equities benefiting from expectations of increased defence spending and ongoing progress in bringing inflation back to target.

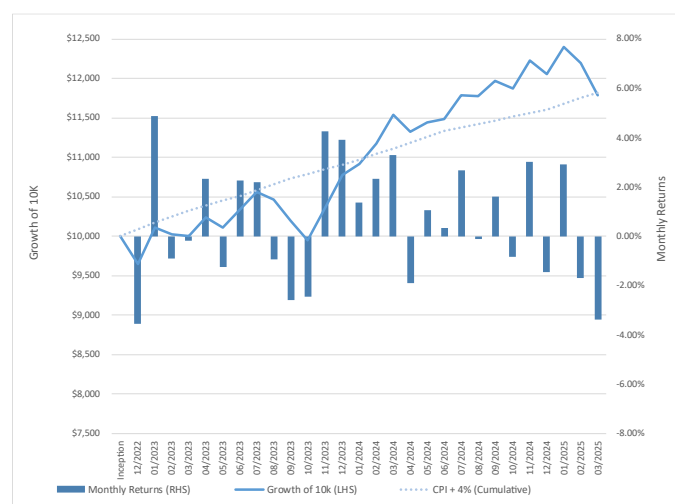
Australian equities were weaker over the previous 3 months, returning -2.9%. The Information Technology Sector materially underperformed the broader index, returning -18.2%. Utilities and Telecommunication Services were two of the strongest performing sectors. Following a CPI print in January that suggested inflation was gradually returning to target, the RBA elected to cut interest rates at its February meeting. Commentary surrounding the rate cut was hawkish however, with the RBA flagging it would maintain a cautious

stance on the potential for further rate cuts. During March, GDP data (to December) for Australia was released, showing that GDP growth had improved over the quarter and the 'per capita recession' had ended.

Both Australian and Global bonds delivered positive returns for the quarter, returning 1.3% and 1.1% respectively. Falls in US bond yields over the quarter likely reflected a marginal rise in uncertainty for the US economic outlook.

In currency markets, the AUD was moderately stronger relative to the USD, returning 0.6%. Most other major currencies were stronger relative to the USD over the quarter. It is likely that concerns surrounding trade policy marginally impacted US dollar weakness.

## Cumulative performance



Source: Morningstar Direct

## Portfolio Commentary

Over the March quarter, the High Growth portfolio returned -2.3% underperforming its benchmark and its CPI+4% investment objective.

## Performance contributors

### Best 5 Performers (3 mths)

ATLAS Infrastructure Global Fd AUD Hgd	6.5
Schroder Global Value Fund (Hedged) - WC	1.4
Smarter Money Long-Short Credit Instl	1.1
Arrow street Global Equity No.2 Class I	0.4
Macquarie Australian Small Companies	0.0

### Worst 5 Performers (3 mths)

Alphinity Global Equity	-7.8
DNR Capital Aus Eq High Conviction R	-6.1
Airlie Australian Share	-3.6
iShares Australian Equity Index	-2.9
Ironbark Robeco Glb Dev Enh Idx Eq H H	-2.8

Source: Morningstar Direct

## Portfolio structure

Fund	Weight %
iShares Australian Equity Index	15.0
DNR Capital Aus Eq High Conviction R	11.0
Airlie Australian Share	10.0
iShares Hedged International Equity Idx	9.0
Ironbark Robeco Glb Dev Enh Idx Eq H H	7.0
JPMorgan Global Rsrch Enh Eqt I	6.0
Arrow street Global Equity No.2 Class I	5.0
ATLAS Infrastructure Global Fd AUD Hgd	4.0
Resolution Capital Global Property Secs	4.0
Macquarie Australian Small Companies	4.0
Alphinity Global Equity	4.0
GQG Partners Emerging Markets Equity Z	4.0
iShares International Equity Index	3.0
Schroder Global Value Fund (Hedged) - WC	3.0
Smarter Money Long-Short Credit Instl	3.0
BNP Paribas C WorldWide Global Eq Trust	3.0
Perpetual Pure Equity Alpha	2.0
iShares Core Cash ETF	1.0
Cash	2.0

## Portfolio changes

During the March quarter, the following changes were made to the portfolio.

### Fund Increases

Ironbark Robeco Glb Dev Enh Idx Eq H H	Increased
iShares Hedged International Equity Idx	Increased
JPMorgan Global Rsrch Enh Eqt I	New Position
Perpetual Pure Equity Alpha	New Position
Smarter Money Long-Short Credit Instl	New Position

### Fund Decreases

ATLAS Infrastructure Global Fd AUD Hgd	Reduction
Bell Global Emerging Companies	Closed Position
Ironbark GCM Global Macro	Closed Position
iShares International Equity Index	Reduction
MAHLA Alpha UDCA	Closed Position
Schroder Global Value Fund (Hedged) - WC	Reduction

The primary rationale for the changes was to change the funds within the Alternatives asset class. Additionally, the Global Small/Mid Cap exposure was closed and the exposure reweighted within the asset class for portfolio balance.

## Portfolio objective



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The Portfolio objective is to deliver outperformance of the stated benchmark over rolling three-year periods and to achieve the CPI +4% objective.

**Benchmark:** Navegar High Growth Long-term Strategic Asset Allocation.

## 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.

## Best contributors to performance (3 mths)

**ATLAS Infrastructure Global Fund** - The main contributors in the period were the Fund's holdings in SES SA FDR (Class A), Elia Group SA/NV and Eiffage SA. The main detractors were Orsted, Avista Corporation and Acciona SA.

**Schroders Global Value Fund (Hedged)** – A key impact was from underexposure to names in Europe as the sector rallied hard on German plans to ramp up spending. The manager was able to partially offset the impact from holdings in US counterparts. Exposure to traditional defensives also offered support. More specifically, overweight positions in select health care, telecoms and utilities were all beneficial over the quarter.

## Worst contributors to performance (3 mths)

**Alphinity Global Equity** - The manager underperformed its benchmark index last quarter as markets sold off following tariff uncertainty under the Trump administration and the follow-on impact on global trade. An overweight exposure to the US market detracted from returns as investors rotated away from the US into regions like Europe and Emerging Markets. Exposure to Technology stocks including ServiceNow and Taiwan Semiconductor were weaker, and also pharma stock Merck & Co, Mexican fast food chain Chipotle and a number of financial holdings including American Express and Morgan Stanley detracted from returns.

**DNR Capital Australian High Conviction** - The portfolio's allocation to the sectors of Communication Services, Real Estate, and Consumer Discretionary added to performance during the quarter, while allocation to Information Technology, Materials, and Utilities detracted value overall. Stock selection within the sectors of Real Estate, Energy, and Utilities contributed the most to performance, while weaker selection within Financials, Materials, and Consumer Staples negatively impacted performance.



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## JANA Investment Advisers

JANA is Navegar's Investment Consultant and provides advice and guidance in relation to investment decisions for the portfolio.

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