

AAN GROWTH - AC0002

As at 30 Jun 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0002
Investment Fee	0.47% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.22% p.a.
Commencement	02 Sept 2016
ICR and Transaction Cost	0.54% p.a.
Indicative No. of Holdings	Unlimited

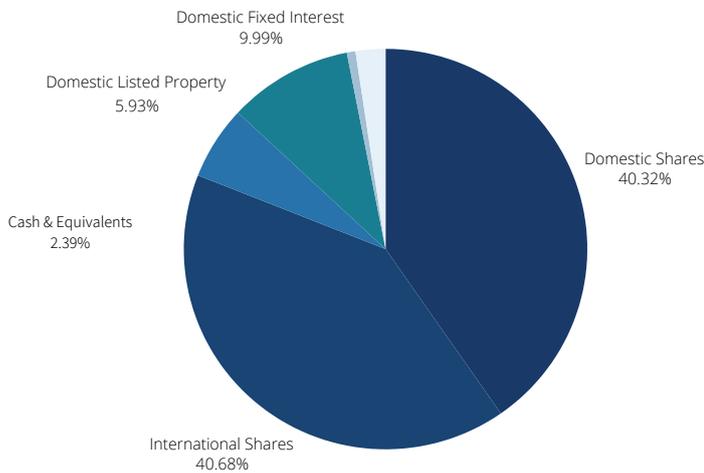
Investment description

The Growth portfolio is an actively managed portfolio providing a diversified exposure with a focus on growth asset classes (90%) relative to defensive asset classes (10%). The portfolio is constructed using a multi-manager approach which seeks to incorporate a blend of investment styles. The portfolio will generally be reweighted to its strategic weights quarterly and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The Growth portfolio's investment objective is to outperform CPI by 4.0% p.a before fees over rolling 7-year periods.

Asset Allocation



Top 5 holdings

Vanguard MSCI Index International Shares (Hedged) ETF	10.83%
Perpetual Focus Australian Share	9.71%
Vaneck MSCI International Quality ETF	9.43%
VanEck Australian Equal Weight ETF	9.37%
Franklin Global Growth A	8.34%

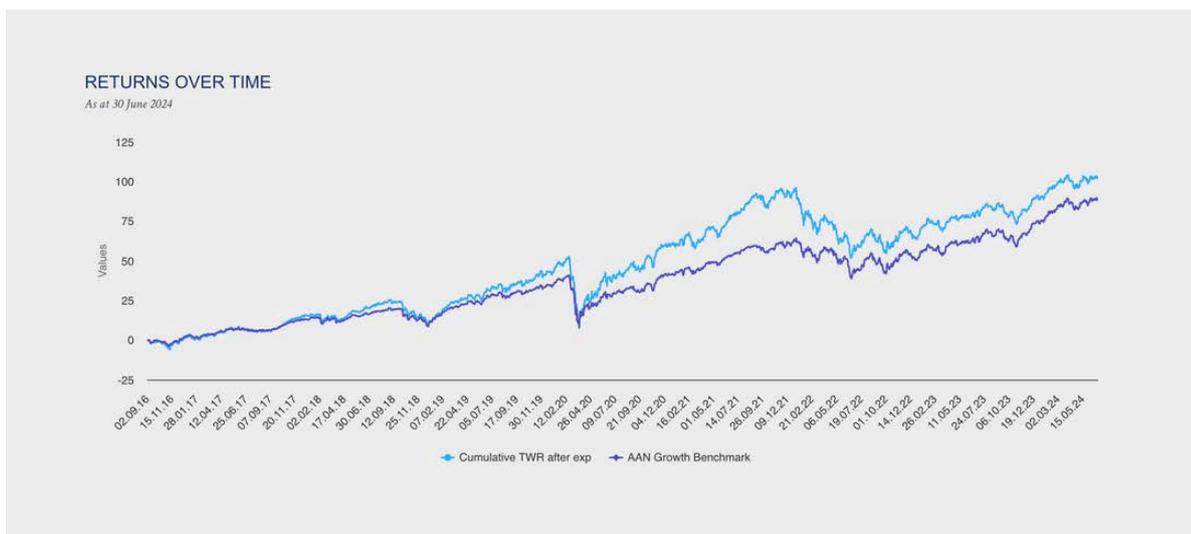
Top 5 holdings represent 47.68% of total fund

Performance

As at 30 Jun 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.59%	-0.64%	6.17%	12.07%	4.19%	9.15%	9.44%

Returns over time



AAN Growth - AC0002

As at 30 Jun 2024

The Model

The material changes to the portfolio this quarter was the addition of the Western Asset Australian Bond Fund. Other changes were limited to adjustments to benchmark allocations.

Notable Investments

International Shares (Lazard Global Equity Franchise Fund):

- Relative underperformance in the portfolio was influenced by the extraordinary rally in AI, which was driven by seven megacap stocks that we did not hold, contributing over 60% of the MSCI World Index gains since January. Additionally, a rebound in US banks after the March 2023 banking crisis negatively impacted performance due to our structural underweight in this sector. Specific stock detractors included CVS Health, Dentsply, Henry Schein, SES, Omnicom, and National Grid. However, the fundamental performance of our portfolio has been strong, with over 80% of holdings exceeding guidance or consensus earnings in the last three quarters. Future market expectations for our stocks are robust, with forecasted consensus earnings growth exceeding 40% over the next three years. In Q2 2024, 85% of our stocks have a lower FY25E rating (EV/EBIT) compared to March 31, 2024, 70% had consensus upgrades to operating income (FY25E), and 63% had both an EBIT upgrade and a decline in FY25 EV/EBIT.
- Portfolio Positioning: The portfolio is defensively positioned, with over two-thirds in defensive stocks and one-third in monopolistic infrastructure, marking the highest allocation in its history. It trades at significant discounts to the market in terms of PE and EBIT multiples while maintaining large premiums in return on assets and free cash flow generation.

DNR Capital:

- The S&P/ASX 200 Total Return Index rose by 1.01% during the period, with Financials (+5.1%) leading the sectors, driven by strong performances from the big four banks (CBA +6.6%, NAB +6.8%). Consumer Staples (+4.6%) also outperformed due to a relief rally among grocery retailers (Woolworths +6.9%, Coles +3.7%). Conversely, Materials (-6.5%) was the worst performing sector, impacted by global economic weakness affecting commodities (BHP -4.1%, Fortescue -13.5%). Energy (-1.6%) also lagged due to weakening refining margins and coal prices (Ampol -6.9%, Whitehaven Coal -5.1%). Key contributors included Aristocrat Leisure, which continued its strong performance post-1H24 results, and CSL, which benefited from positive momentum in plasma collections. Detractors included the absence of Commonwealth Bank of Australia, which outperformed without specific news, and underperformance from SEEK due to weaker job advertisement numbers and Lendlease following a downgrade to FY24 earnings due to a delayed ACCC decision on a business sale.

Performance

The AAN Growth model returned -0.64% (before fees) for the quarter, bringing the rolling 12 month return to 12.07% (before fees).

Over the quarter, only the domestic fixed interest (+0.16%) has the largest contribution.

Domestic listed property (-0.37%), Domestic shares (-0.21%), International shares (-0.14%), and International fixed interest (-0.03%) have been detracted from the portfolio.

For the 12-month period, all asset classes have been positive, domestic fixed interest (4.93%), International shares (13.51%), Domestic shares (10.42%), International fixed interest (3.97%) and Domestic listed property (22.60%). Cash was neutral at 0.00%.

Key Contributors:

- VanEck MSCI International Quality ETF +0.44%
- Vanguard MSCI Index International Shares (Hedged) ETF +0.38%
- National Australia Bank Ltd. +0.12%

Key Detractors:

- Lazard Global Equity Franchise - (-0.7%)
- Vanguard Australian Property Securities Index ETF - (-0.32%)
- Franklin Global Growth - (-0.3%)

General Advice Warning

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Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings.

*Total net returns represent past performance only. Past performance is not a reliable indicator of future performance. Returns of the Fund can be volatile and in some periods may be negative. The return of capital is not guaranteed. *Composite Benchmark: 42.5% S&P/ASX 300 TR Index || 42.5% MSCI World Index (AUD) || 5% FTSE EPRA Nareit Developed TR Hedged AUD || 3% Bloomberg AusBond Composite Index || 3% Bloomberg Barclays Global Aggregate TR Hedged AUD || 4% RBA Cash Rate. This Model Portfolio is subject to the risk of stock market fluctuations. Investors accessing the Model Portfolio through a master trust or wrap account will also bear any fees charged by the operator of such master trust or wrap account. Any apparent discrepancies in the numbers are due to rounding. Management costs and buy/sell spread are current as at the date of publication of this website. These fees may be subject to change in the future. Total returns (net) have been calculated using exit prices and take into account the applicable buy/sell spread and are net of AANAM's management costs, transactional and operational costs and assumes reinvestment of distributions. No allowance has been made for tax. Returns of more than one year are annualised. The return of capital is not guaranteed. If you want more information on the benchmarks used for each model please visit the AANAM website at www.aanam.com.au.