# AAN GROWTH - AC0002

As at 31 Mar 2024

ASSET MANAGEMENT

| | |
|---|---|
| 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 |

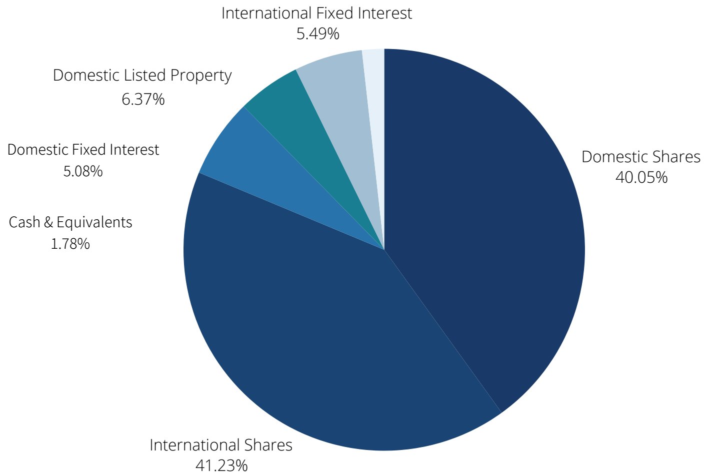
### Investment description

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 Growths 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

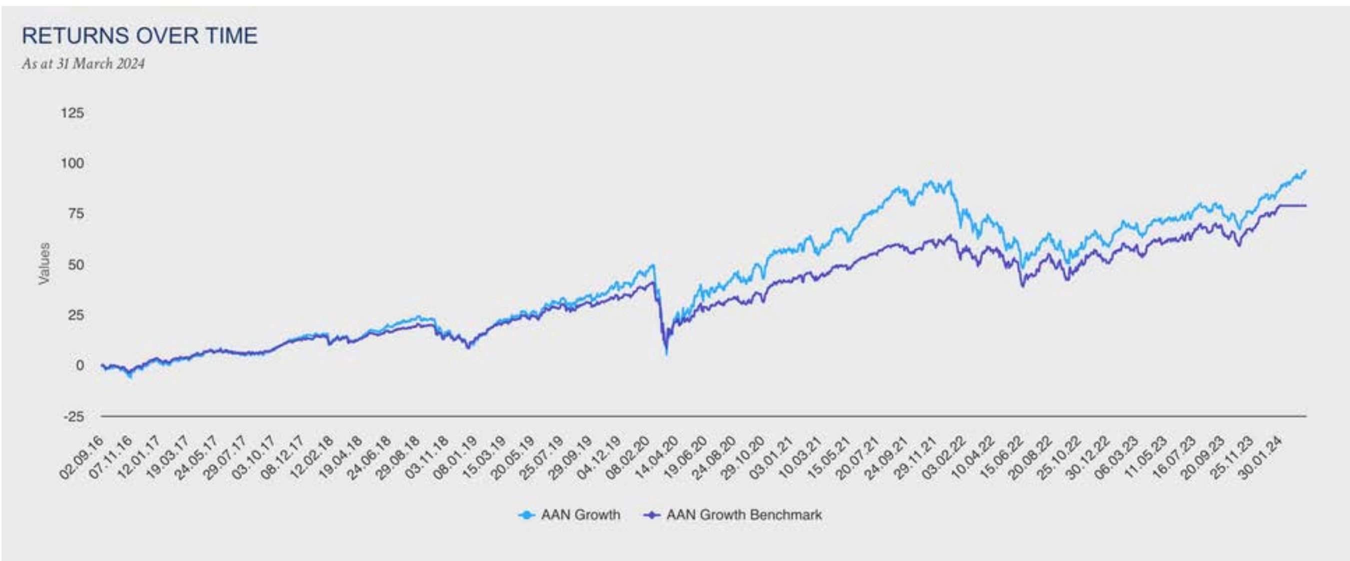
| | |
|---|---|
| Vanguard MSCI Index International Shares (Hedged) ETF | 10.76% |
| VanEck Australian Equal Weight ETF | 9.77% |
| Perpetual Focus Australian Share | 9.71% |
| Vaneck MSCI International Quality ETF | 9.27% |
| Lazard Global Equity Franchise | 8.78% |

Top 5 holdings represent 48.29% of total fund

## Performance

| As at 31 Mar 2024 | 1 mth | 3 mths | 6 mths | 1 yr | 3 yrs p.a. | 5 yrs p.a. | Since inception p.a. |
|---|---|---|---|---|---|---|---|
| Total Gross Return | 2.61% | 6.85% | 13.59% | 17.16% | 7.60% | 10.37% | 9.86% |

## Returns over time



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## The Model

There were no material changes to the portfolio this quarter other than reweighting back to benchmark allocations.

## Notable Investments

**Domestic Shares (DNR Capital):**

- During the recent financial period, various contributors and detractors influenced the performance of funds and sectors. ALS (ALQ) saw a robust recovery alongside rising gold prices, hinting at a potential upturn in the mineral exploration cycle, boosted further by strategic acquisitions in the pharmaceutical sector. On the contrary, Westpac Banking Corporation (WBC) faced a downturn amid rumours of its CEO's departure and extensive IT upgrades, while Scentre (SCG) outperformed, benefitting from favourable market conditions that priced in lower interest rates, advantageous for rate-sensitive sectors like REITs.
- Conversely, Aristocrat Leisure (ALL) and SEEK (SEK) underperformed, the former due to lackluster investor briefings and increased competition, and the latter due to a sector-wide decline following negative domestic job data. Goodman (GMG), however, excelled with a focus on its profitable data center development pipeline expected to drive significant earnings growth over the next decade. Overall, market dynamics reflected a complex interplay of corporate earnings, economic signals, and sector-specific trends, with ongoing adjustments in asset allocation and strategic positioning to optimize returns against a backdrop of fluctuating interest rates and economic forecasts

**International Equities (Franklin Growth Fund)**

- In the first quarter of 2024, global equity markets experienced significant gains driven by growing confidence in technology stocks and optimism regarding interest rates worldwide. Investors were buoyed by the belief that major central banks' efforts to control inflation had made enough headway to allow for a shift towards a more dovish monetary policy stance. Lazard Global Equity Franchise Fund underperformed for the quarter, returning 5.77% compared to the MSCI World Index's 13.88%. Despite this, specific stocks within the fund saw notable performances. eBay, for instance, saw growth following positive 4Q23 results and optimistic guidance for FY24, particularly in margin improvement. Similarly, companies like Knorr Bremse, Omnicom, and Rentokil experienced favourable market responses driven by factors such as margin improvement strategies, positive market sentiment towards the US economy, and strong financial results.
- However, some companies within the portfolio faced challenges. IGT and Nexi, despite solid performance and strategic initiatives, saw declines in their share prices, reflecting market concerns about execution and cash flow generation. Additionally, Reckitt Benckiser encountered setbacks due to legal issues stemming from a court ruling against its subsidiary, Mead Johnson, which could potentially impact the company financially. Nonetheless, the portfolio maintains its focus on high-quality franchise companies with robust financial productivity and reasonable valuations, positioning it at a discount to intrinsic value and the broader market index, and offering potential long-term benefits to investors amidst market fluctuations.

## Performance

The AAN Growth model returned 6.85% (before fees) for the quarter, bringing the rolling 12 month return to 17.16% (before fees).

Over the quarter, no asset classes detracted from the portfolio. All asset classes made positive contributions to the portfolio. The largest contribution came from international equities (+3.78%), followed by domestic equities (+1.91%) and domestic listed property (+0.93%).

For the 12-month period, all asset classes were positive contributors, led by domestic listed property (+15.56%), international shares (+9.09%) and domestic shares (+4.39%), followed by international fixed interest (+2.07%) and domestic fixed interest (+1.27%).

Key Contributors:

- VanEck MSCI International Quality ETF +1.49%
- Vanguard MSCI Index International Shares (Hedged) ETF +1.06%
- Vanguard Australian Property Securities Index ETF +0.81%

Key Detractors:

- BHP Group Ltd -0.27%
- Domino's Pizza Enterprises Ltd -0.09%
- Rio Tinto Ltd -0.05%

# AAN Growth Disclaimer

ASSET MANAGEMENT

**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.