

AAN Australian - AC0003

As at 31 Mar 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0003
Investment Fee	0.55% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.19% p.a.
Commencement	30 Jan 2017
ICR and Transaction Cost	0.22% p.a.
Indicative No. of Holdings	Unlimited

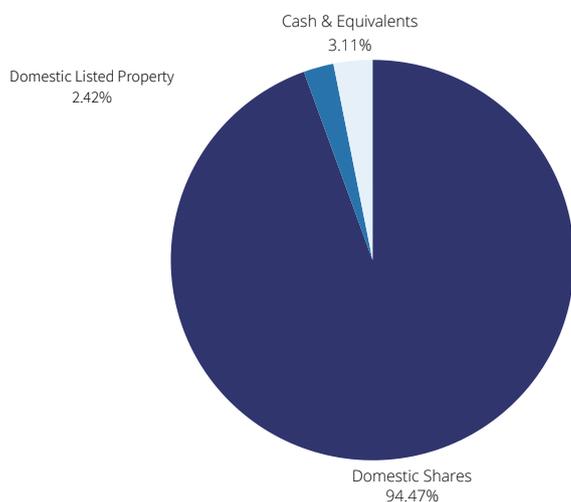
Investment description

The AAN Australian model provides exposure to an actively managed portfolio of Australian equities. The portfolio is constructed using a multi-manager approach which seeks to reduce style bias 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 AAN Australian Model's investment objective is to outperform the S&P/ASX 300 Accumulation Index before fees over rolling 7-year periods.

Asset Allocation



Top 5 holdings

VanEck Australian Equal Weight ETF	25.31%
Perpetual Focus Australian Share	25.16%
BHP Group Limited FPO	5.61%
CSL Limited FPO	4.86%
National Australia Bank Limited FPO	3.74%

Top 5 holdings represent 64.68% 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	2.95%	4.85%	11.26%	12.49%	6.69%	8.47%	8.51%

Returns over time



The Model

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

Notable Investments

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.

VanEck:

- For the quarter ending March 31, 2024, the VanEck Australian Equal Weight ETF (MVW) recorded a return of 5.37%, marginally outperforming the S&P/ASX 200 Index by 0.04%. The period saw significant variation in sector performance, with Information Technology, Real Estate, and Consumer Discretionary sectors leading with notable gains of 24.36%, 15.32%, and 12.88% respectively. Conversely, the Materials sector faced challenges, recording a decline of 6.20%, reflecting the volatility and potential risks within resource-heavy industries.
- Looking forward, VanEck expresses a cautious optimism regarding the economic outlook. While there are expectations of interest rate cuts by the RBA, these may be premature given ongoing rental inflation and other economic headwinds. MVW's strategic portfolio positioning—with an underweight stance in banking stocks and an overweight in consumer staples—may offer resilience and potential for outperformance against a backdrop of economic pressures that could dampen consumer spending and affect the broader financial markets

Performance

The AAN Australian model returned 4.85% (before fees) for the quarter and 12.49% (before fees) for the 12 month period.

Over the quarter, no asset classes detracted from the portfolio. Domestic shares contributed 4.41% and domestic listed property contributed 0.30%.

For the 12-month period, all asset classes were positive contributors, led by domestic listed property (+13.05%) and followed by domestic shares (+4.28%).

Key Contributors:

- Perpetual Focus Australian Share +1.55%
- VanEck Australian Equal Weight ETF +1.44%
- National Australia Bank Ltd +0.48%

Key Detractors:

- BHP Group Ltd -0.68%
- Domino's Pizza Enterprises Ltd -0.24%
- Rio Tinto Ltd -0.12%

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. Benchmark: S&P/ASX 300 Accumulation Index. 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.