

# AAN Sustainable Growth - AC0006

As at 30 Jun 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0006
Investment Fee	0.40% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.21% p.a.
Commencement	17 Dec 2020
ICR and Transaction Cost	0.59% p.a.
Indicative No. of Holdings	

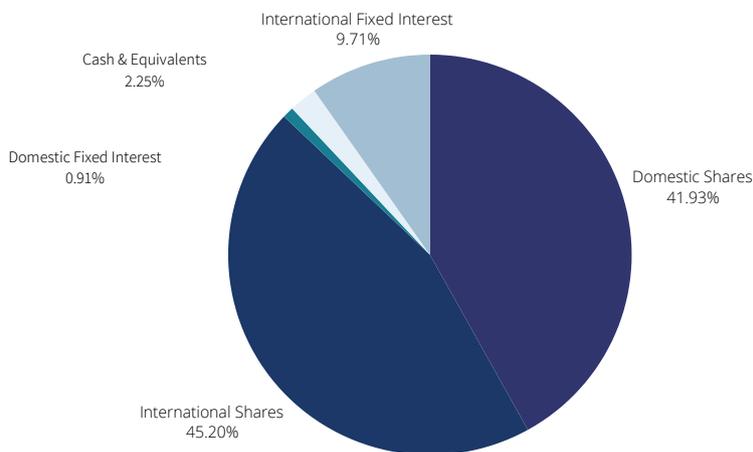
## Investment description

The model caters for investors seeking a portfolio of predominantly growth assets that aligns with their preference for sustainable investments with potential for making a positive contribution to society. The model has a strategic allocation of 90% to growth assets and 10% to defensive assets via investing in managed funds, ETFs and/or Australian equity model portfolios, that will each employ their own sustainable investment approach. The overall model is managed according to the manager's Sustainable Investment Policy which seeks to avoid tobacco and tobacco products, gambling, alcohol, pornography, armaments manufacture or distribution, high impact fossil fuels and predatory lending. A company with a minor or indirect exposure to one of the sectors will not be automatically excluded, although may be subject to ongoing review by the manager.

## Investment objective

The AAN Sustainable Growth Model has an objective to outperform CPI by 4% p.a before fees over rolling 7-year periods, through investing in a diversified portfolio of growth and income assets that meet the manager's ESG requirements.

## Asset Allocation



## Top 5 holdings

iShares Core MSCI World Ex Aus ESG (AUD HED) ETF	11.65%
AXA IM Sustainable Equity	11.30%
Betashares Global Sustainability Leaders ETF	11.28%
Alphinity Sustainable Share	11.15%
Stewart Investors Worldwide Sustainability	10.98%

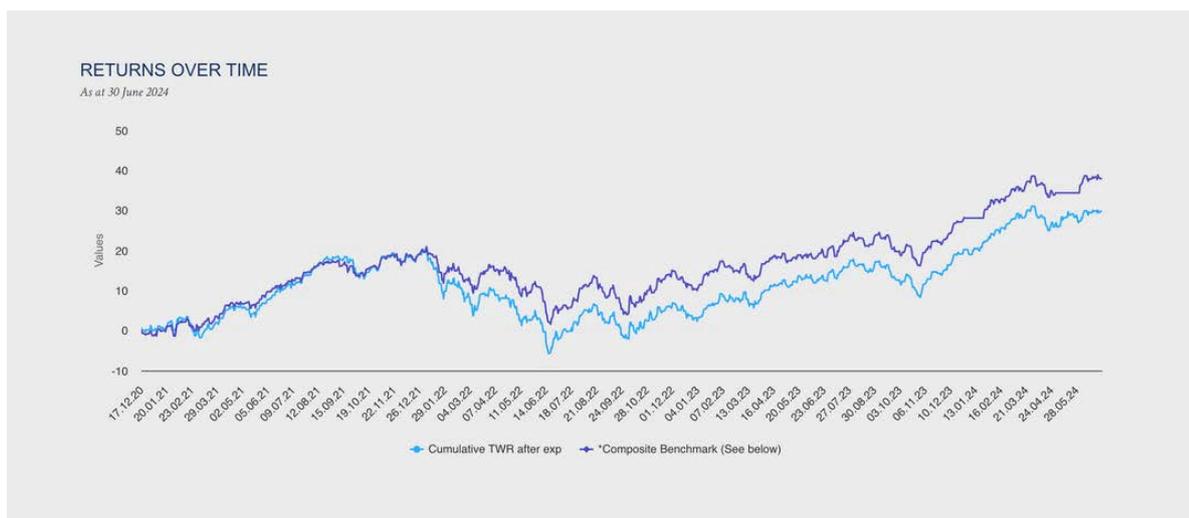
Top 5 holdings represent 56.36% of total fund

## 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	1.88%	0.97%	7.92%	13.17%	5.16%	N/A	7.64%

## Returns over time



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As at 30 Jun 2024

## The Model

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

## Notable Investments

### Domestic Shares (Alphinity):

- The Fund slightly outperformed the market in the June Quarter, boosted by strong performances from insurer Suncorp and industrial property developer Goodman Group, and benefited from not owning Fortescue Metals and Woodside Energy. These gains were partially offset by positions in James Hardie, Brambles, and the absence of Aristocrat Leisure. Despite high inflation in May, the upcoming full-survey June quarter number, crucial for Reserve Bank decisions, may drive rate hikes if it confirms an upward trend, potentially impacting economic growth. Meanwhile, upcoming tax cuts may offset rate increases. The portfolio remains balanced ahead of the August reporting season, focusing on identifying positive earnings stories. Additions include Life360 for its growth potential and Capstone Copper for its exposure to base metals, while Lifestyle Properties and IDP Education were exited. Conviction in earnings is reinforced by meetings with companies globally, maintaining an overweight position in insurers and increasing exposure to Health Care (Resmed) and Technology (Xero). The portfolio holds a few materials, industrial, and utilities stocks, adjusting positions based on conviction in their earnings potential.

### Perpetual ESG Real Return Fund:

- The Fund returned -0.4% (net) in the June quarter and 2.3% (net) over the past 12 months. Positive contributions came from global equity allocations, particularly US large-cap tech stocks, which saw price gains driven by rising expected earnings and favourable valuations. The Fund's cash exposure, especially in US Dollars, also contributed due to its high running yield. However, global stock selection alpha negatively impacted performance as growth-style equity sectors outperformed traditional value sectors. Concerns arose over the sustainability of the market rally, heavily reliant on a few US tech stocks with high valuation multiples. Modest exposure to Australian equities and marginal underperformance of fixed interest exposures, due to concerns about prolonged high US rates, also detracted from performance.

## Performance

The AAN Sustainable Growth model returned -0.97% this quarter (before fees) whilst over 12 months the model returned 13.17% (before fees).

Over the quarter, International shares (+0.05%) has the largest positive contribution to performance.

Domestic shares (-0.89%), Domestic listed property (-0.01%), and International fixed interest (-0.04%) detracted from the portfolio.

For the 12-month period, positive contributions came from International shares (16.44%), & Domestic shares (12.76%), and International fixed interest (-1.17%) & Domestic listed property detracted by (-1.17%). Cash was neutral at 0.00%.

### Key Contributors:

- iShares Core MSCI World xAus ESG Leaders (AUDH) ETF +0.5%
- National Australia Bank Ltd. +0.1%
- AXA IM Sustainable Equity +0.07%

### Key Detractors:

- Perpetual ESG Australia Share (-0.43%)
- Stewart Investors Worldwide Sustainability (-0.41%)
- iShares Core MSCI Australia ESG ETF (-0.38%)

# AAN Sustainable Growth Disclaimer

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## 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 || 5% Bloomberg AusBond Composite Index || 42.5% MSCI World Index (AUD) || 5% Bloomberg Barclays Global Aggregate TR Hedged AUD || 5% FTSE EPRA Nareit Developed TR Hedged AUD. 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](http://www.aanam.com.au).