

**PORTFOLIO OBJECTIVE**

The portfolio seeks to generate long-term capital appreciation by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the S&P/ASX 200 Accumulation Index benchmark.

**PORTFOLIO DETAILS**

Inception date:	Feb 2014
Investment minimum:	\$25,000
Investment time horizon:	5+ years
Management fee:	0.6%
Maximum holding limit:	12%
Number of stocks:	20 - 40
Gross Dividend Yield	3.90%*
Net Dividend Yield	3.13%

\* Forecast gross yield inc franking for the next 12 months

*“We need earnings to catch up to where valuations are”*

*- Ann Sonders Chief Investment Officer Charles Schwab.*

The ASX 200 rose 0.9% in June, lifting the benchmark’s total return for the 2024 financial year to 12.1%. A notable observation of equity markets in 2024 has been the wide divergence of returns across industry sectors.

The best performing Industry Group was the Banks, which posted returns of +5.0% in June and +34.9% for FY24, compared to Metals & Mining which fell -7.2% in June and -4.2% for FY24.

The strong returns for the Banks were entirely driven by a willingness of investors to pay a higher price earnings multiple for the sector, rather than an underlying improvement in earnings expectations. Clearly, the banks were a beneficiary of the remarkably resilient Australian economy, which underpinned a benign credit cyclical for the banks.

At a portfolio level, CSL, Macquarie Group (MQG), and National Australia Bank (NAB) were the strongest contributors to return. Whereas Pilbara Minerals (PLS), BHP, and Northern Star (NST) weighed on performance.

Our portfolios held an underweight position in the banks, and this heavily weighed on our performance in 2024. In marked contrast, our portfolios held overweight positions across healthcare, industrials, and consumer staples, all of which delivered returns well below their long- term average. We remain steadfast in our belief that the portfolios exposure to leading healthcare, industrial and consumer staple companies is not only prudent but best placed to deliver more resilient earnings through the economic cycle. We believe our conviction is supported by growing evidence that economic momentum has started to decelerate which leaves equities more vulnerable to disappointments, particularly in those sectors, namely the banks, in which valuations are high.

A further potential risk that has emerged over the last year has been a meaningful increase in the concentration of equity market returns. Growing stock concentration has been evident in many markets, including Australia (Banks), but has been most pronounced in the US where the top 7 companies have contributed to over 60% of the return in the S&P 500 in 2024.

The combination of elevated valuations and a weakening economic backdrop has prompted us to increase our weighting in June to higher quality earnings companies, namely Origin Energy and Woolworths, whilst reducing our exposure to smaller capitalization stocks. An increase in the portfolios cash weighting also provides an important ballast to market volatility and the ability to take advantage of any meaningful pullback in prices of higher quality companies.

**CUMULATIVE RETURN FROM INCEPTION**



## PORTFOLIO RETURNS

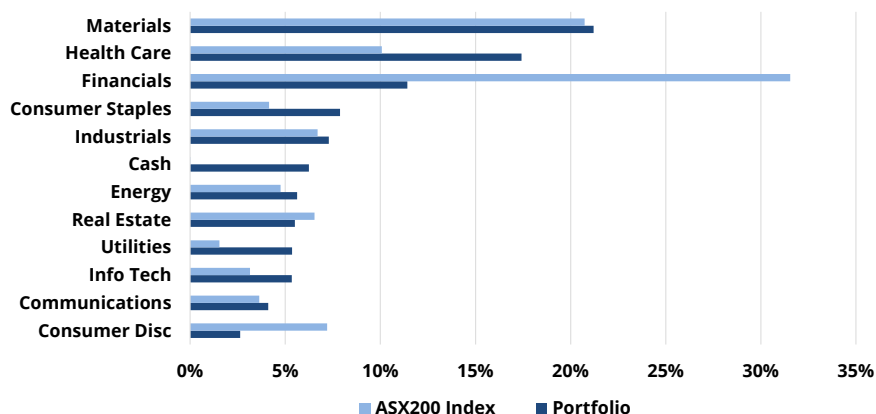
	1 month	3 months	6 months	FYTD	1 year	3 years	5 years	7 years	10 years	Inception p.a	Since inception
Portfolio performance	0.2%	-3.1%	2.2%	6.0%	6.0%	2.7%	5.3%	7.5%	8.0%	7.9%	120.5%
ASX 200 Accum Index	1.0%	-1.1%	4.2%	12.1%	12.1%	6.4%	7.3%	8.7%	8.1%	7.9%	120.4%

\* Returns are net of management fees. Performance includes reinvestment of all dividends and excludes franking credits.

## TOP 5 HOLDINGS

Stock	Weight
CSL	9.5%
BHP	8.6%
MQG	6.2%
STO	5.6%
GMG	5.5%

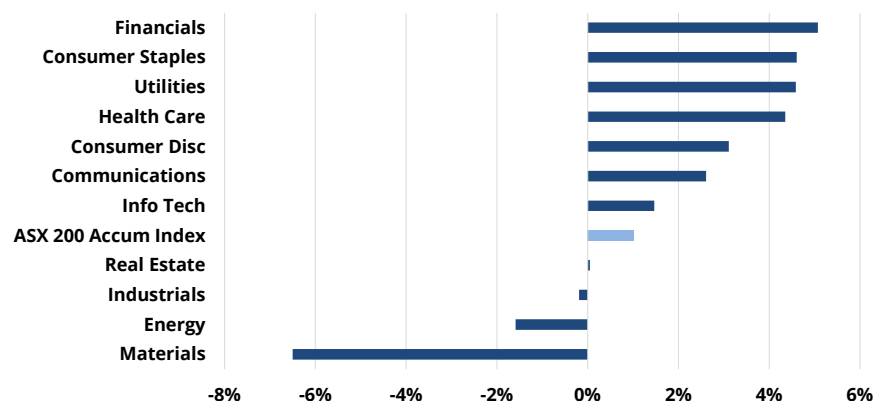
## RELATIVE SECTOR WEIGHTS - JUNE 2024



## PLATFORM AVAILABILITY



## SECTOR RETURNS - JUNE 2024



RATINGS  
& AWARDS



Australian  
Equities  
Winner  
2020 IMAP MANAGED  
ACCOUNT AWARDS



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