

Quarterly Investment Update

Contents

- Investor letter & update
- AAN Core Model
- AAN Growth Model
- AAN Australian Model
- AAN Index Core Model
- AAN Index Growth Model
- AAN Sustainable Growth Model

September 2024

AAN Asset Management Pty Ltd

Investor Letter

Dear Investor,

In Q3 2024, the global economy witnessed mixed outcomes, influenced by factors such as inflation moderation, monetary policy adjustments, and fluctuating commodity prices. Global growth decelerated as central banks in developed economies, like the Federal Reserve and European Central Bank (ECB), maintained high interest rates to curb inflation. This led to reduced consumer spending and business investments. While inflation has eased in most regions, it remains above target levels, especially in the services sector. Energy markets, particularly oil, experienced volatility, but weaker global demand kept prices within moderate ranges.

"An investment in knowledge pays the best interest."
- Benjamin Franklin

Australia's economy displayed resilience, though growth remained moderate due to challenges with inflation, weakened household consumption, and fluctuating external demand. GDP growth was estimated at 1.8%, a slight slowdown from Q2, largely driven by weaker household spending and subdued demand from key trading partner China.

While export volumes of key commodities like iron ore remained stable, lower prices hampered revenue. Inflation eased, with the Consumer Price Index increasing by 0.2% for the quarter, notably core inflation, particularly in housing and services, remained elevated. The Reserve Bank of Australia (RBA) maintained its cash rate at 4.35%, implying a cautious approach towards further rate hikes depending on inflation trends, particularly in housing.

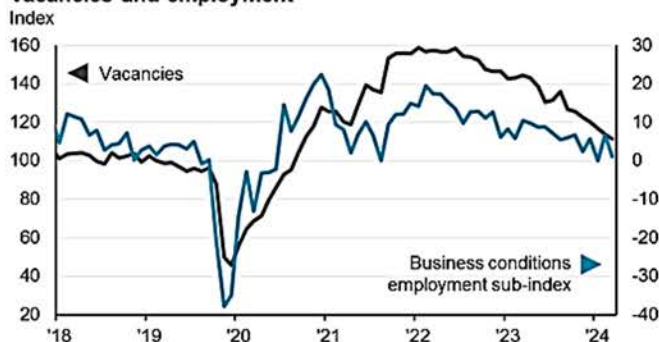
Australia's labour market remained strong, with the unemployment rate increasingly marginally to 4.2%, although job growth softened amid higher input costs. Labor shortages persisted in sectors like healthcare, construction, and IT, contributing to upward wage pressure. The housing market saw price growth stall, with higher interest rates and elevated home prices dampening demand, particularly for first-time buyers. However, the rental market tightened due to a supply-demand imbalance, exacerbated by increased immigration. The export sector experienced mixed results, with lower prices for iron ore and LNG, but a boost in the services sector, particularly in tourism and education, as international travel rebounded strongly.

The charts below highlight the current state of play for Australia's employment rates, wage growth, vacancies and participation rates. While the unemployment rate has ticked up and wages growth seems to have peaked, vacancies are dropping off and the participation rate has increased. This echoes the strength of the Australian labour market and provides some insights into the RBA's reticence to cut interest rates quickly.

Unemployment and wage growth



Vacancies and employment



Participation rate



Source J.P. Morgan (Australia)

At the September 2024 Federal Open Market Committee (FOMC) meeting, the Federal Reserve cut interest rates by 50 basis points, lowering the target range to 4.75%-5%. This marks the first monetary policy easing in four years, driven by the Fed's shift in focus towards supporting growth and stabilising a slowing labour market. While inflation has moved closer to the 2% target, with August inflation at 2.5%, labour market data showed a quicker-than-expected slowdown. The Fed now views labour market risks as greater than inflation risks. The Summary of Economic Projections (SEP) indicated expectations of further rate cuts in 2024, with additional reductions projected through 2026 to support continued economic expansion. Chair Jerome Powell emphasised that future decisions would be data-dependent and made on a meeting-by-meeting basis.

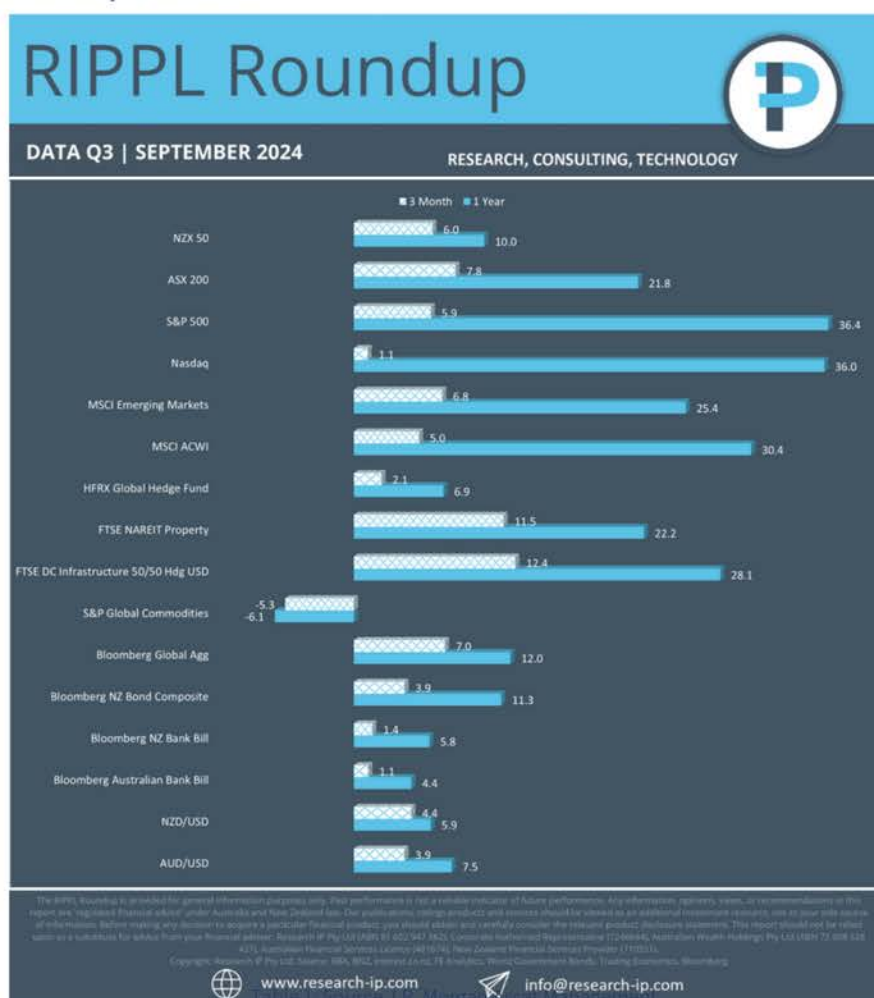
Europe, particularly the Eurozone and the UK, faced stagnation and persistent inflation. The ECB maintained high interest rates, which dampened consumer spending and industrial output. Germany's manufacturing sector continued to struggle, although services provided some resilience. In the UK, the economy barely avoided recession, and business sentiment remained weak as inflation, although moderating, stayed elevated.

In Asia, China and India presented contrasting economic pictures. China's economic recovery was slower than expected, with GDP growth below forecasts at around 4.4%, hindered by a weak real estate sector and exports. Despite government stimulus efforts, challenges persisted. India, on the other hand, experienced robust growth, driven by strong domestic demand and a healthy services sector. Japan's economic outlook improved due to higher consumer spending and business investment, supported by a weaker yen that boosted exports.

Emerging markets faced headwinds due to high global interest rates and weak external demand. Latin American economies, particularly Brazil and Mexico, saw slower growth, impacted by inflation and higher borrowing costs, although commodity exports provided some resilience. In Africa, countries like Nigeria and South Africa benefited from moderate energy prices, but political instability and infrastructure challenges weighed on growth prospects.

Investment Markets Commentary

Over the course of the quarter and the year to 30 September, 2024, market indices indicate there has been strong positive contributions across markets. Commodities is the exception and has varied from negative to marginally positive on a month-to-month basis through the quarter. This has caused volatility to increase.



USA

In Q3 2024, the U.S. investment market maintained its strong momentum, bolstered by both equity and bond markets. The Federal Reserve made a significant move by cutting interest rates by 0.50% in September, initiating an easing cycle to mitigate rising consumer financing costs and stabilise inflation, which had dropped to 2.2% by August. The U.S. economy managed to avoid a recession, with GDP growing at an annualised rate of 3% in Q2, highlighting resilience despite earlier concerns.

Equity markets saw gains across most sectors, with small-cap and value stocks outperforming larger counterparts. Sectors like utilities, which had struggled in 2023, rebounded strongly, while real estate also made a recovery after challenges earlier in the year. Technology stocks remained relatively flat during the quarter but posted a strong year-to-date gain of 17.9%. Bonds, benefiting from the Fed's rate cuts, outperformed equities with a return of 5.8%. Overall, the market reflected cautious optimism, with sector leadership shifting and expectations of continued economic stability, despite the potential for inflation volatility.

Europe

In Q3 2024, European markets, including the UK, experienced mixed but overall positive performances. The European Central Bank (ECB) cut interest rates by 0.25%, while the Bank of England followed suit with a 0.25% cut to 5%. These moves helped bolster both equity and bond markets in the region, providing a much-needed lift after concerns about slowing economic growth earlier in the quarter. UK equities, particularly domestically focused shares, performed well, with the FTSE All Share Index rising by 2.2%. Additionally, the British pound strengthened by 5.8% against the U.S. dollar, signalling improved market sentiment. However, consumer confidence remained cautious, leading to higher savings rates despite solid wage growth.

Across Europe, market volatility was notable in August and early September, driven by weak U.S. economic data and rising concerns over inflation. Despite these fluctuations, European stocks recovered by the end of the quarter, supported by central bank easing and a late surge in emerging market equities, particularly in China. Real estate stocks also recovered after a difficult start to the year, while the financial and industrial sectors showed strength. As Europe heads into the final quarter, expectations remain cautiously optimistic, with continued focus on central bank policies and corporate earnings.

Japan

In Q3 2024, Japan's financial markets experienced significant volatility, driven by both domestic and international factors. The Nikkei index suffered a sharp decline of over 12% in early August, marking its worst performance since Black Monday in 1987. This was largely due to a combination of the Bank of Japan's (BoJ) rate hike to 0.25% in July, causing the yen to strengthen sharply, and concerns about the global economic outlook, particularly following weak U.S. labour market data. While the Nikkei eventually recovered some of these losses, it still closed the quarter down by around 4.9%.

Japan's domestic economic indicators showed mixed results. While exports remained a bright spot, supported by global demand, private consumption and spending were weaker than anticipated, contributing to a decline in GDP during the quarter. Additionally, the BoJ's decision to raise interest rates further affected markets, causing an unwinding of carry trades that had benefited from Japan's historically low borrowing costs. Despite these challenges, there remains cautious optimism for long-term growth, driven by structural reforms and capital investment in key sectors like semiconductors and automotive.

Emerging Markets

In Q3 2024, emerging markets showed mixed but generally positive performance, with equity and debt markets benefiting from global central bank actions. The Federal Reserve and other major central banks cut interest rates, which provided support for emerging market assets, especially in debt markets. Emerging market debt, particularly high-yield bonds, performed strongly, with a return of 6.1% for the quarter. Sectors such as real estate and telecommunications were among the best performers, while energy saw notable gains as well.

On the equity side, emerging markets saw some volatility, but overall, they benefitted from stimulus measures in key regions, particularly China. Chinese equities rallied strongly towards the end of the quarter following significant monetary and fiscal stimulus from the government. This boosted investor confidence and helped to lift other emerging market stocks, with Asia ex-Japan emerging as the top-performing region. Despite concerns about global economic health and muted commodity performance, emerging markets continued to show resilience and are expected to benefit from further policy easing and stabilising inflation.

Australia

In Q3 2024, the Australian investment market presented a mix of challenges and opportunities across various asset classes. Equities were generally fairly valued by the end of the quarter, with healthcare, real estate, and consumer cyclical sectors performing well, driven by the global trend of easing interest rates. However, sectors like basic materials and consumer defensives lagged. Despite the market rally from earlier quarters, many stocks traded at attractive prices, signalling a divergence in sector performance. In fixed income, Australian bonds mirrored global trends, posting strong returns as investors anticipated further rate cuts, though the Reserve Bank of Australia (RBA) adopted a cautious stance on future monetary policy decisions.

Commodity markets saw muted performance, particularly in the energy sector, with Brent crude prices falling due to global economic slowdown concerns, while gold reached new highs as a safe-haven asset. Australia's economy remained resilient overall, with inflation moderating and the labour market staying steady, although signs of consumer spending stress emerged. The RBA's policies helped maintain economic stability, but the outlook for inflation remains uncertain. The quarter reflected stabilisation and gradual recovery, with the potential for volatility ahead as both global and domestic factors, including inflation and consumer demand, continue to shape the market.

Regards,
The AAN Asset Management Investment Committee

Economic Summary

Data from 1 Oct 2024

Australian unemployment

4.2% mid-quarter compared to 4.0% for the previous quarter.

4.2%

AUD/USD

69c compared to 67c at the end of the September.



Australian bonds

Australian bond yields at 4.01% by quarter end -0.42 percentage points.

4.01%

Model performance

The AAN Australian Model was the best performing model for the quarter returning 6.50% and the AAN Index Growth was the best performing model over 12 months returning 21.66%.



Annual inflation

US 2.5% AUGUST 2024 compared to 3.7% AUGUST 2023. AUS 2.7% AUGUST 2024 compared to 5.2% AUGUST 2023.



Equity markets

S&P500 returned 5.89% whilst the ASX200 returned 7.79% for the quarter.



Iron Ore price

Iron Ore \$93 USD/T -12.7% for the quarter.



Gold price

\$2654 USD/oz +14.1% for the quarter.



Oil price

Brent crude \$72 USD/bbl -16.1% for the quarter. West Texas Intermediate (WTI) crude \$68 USD/bbl -16.8% for the quarter.



Volatility Index

VIX ranged between 11 and 39 over the quarter.



US yield curve

US 10Y Treasury reached 3.8% by quarter-end, with the US10Y/2Y spread at 0.14%.



AAN CORE - AC0001

As at 30 Sept 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0001
Investment Fee	0.43% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.24% p.a.
Commencement	05 Feb 2016
ICR and Transaction Cost	0.61% p.a.
Indicative No. of Holdings	Unlimited

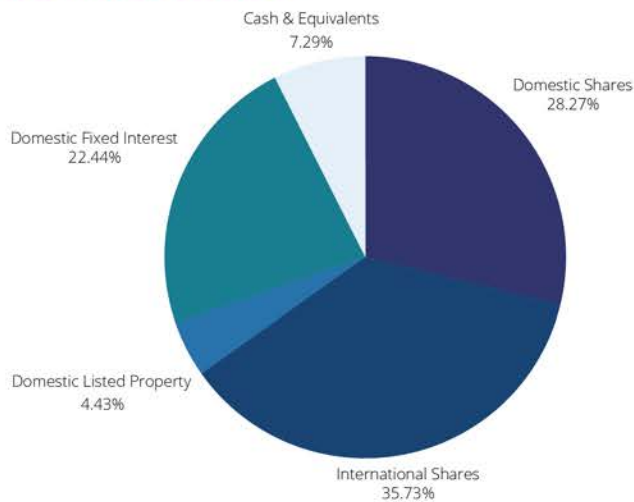
Investment description

The Core portfolio is an actively managed portfolio providing a diversified exposure with a neutral tilt towards growth asset classes (65%) relative to defensive asset classes (35%). 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 Core portfolio's investment objective is to outperform CPI by 3.0% p.a before fees over rolling 5-year periods.

Asset Allocation



Top 5 holdings

Vaneck Australian Equal Weight ETF	7.61%
Schroder Real Return Fund - WC	7.41%
Perpetual Diversified Real Return W	7.29%
Vanguard MSCI Index International Shares (HEDGED) ETF	7.21%
Perpetual Focus Australian Share	7.17%

Top 5 holdings represent 36.69% of total fund

Performance

As at 30 Sept 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.28%	4.60%	4.34%	14.79%	4.07%	7.66%	8.38%

Returns over time

RETURNS OVER TIME

As at 30 September 2024



The Model

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

Notable Investments

Schroder Real Return Fund:

- The fund achieved a 3.7% return (gross of fees) for Q3 2024. Equities, particularly global equities, were the largest contributors, adding 1.6% to performance. Investment-grade fixed income and interest rate overlays also played a significant role, contributing 1.1%. Other positive drivers included higher-yielding debt, emerging market debt, and alternatives like commodities. Currency exposure was the main detractor, with the Australian dollar appreciating against the USD and EUR. Throughout the quarter, the Fund made adjustments, including increasing its allocation to global equities while reducing holdings in Australian and European equities. In FX, the fund increased its foreign currency exposure to 13%, and in credit, it shifted more toward Australian mortgage-backed securities. The fund also reduced its overall duration and remains cautious on bonds, maintaining inflation-linked bonds as a hedge against potential inflation surprises.

VanEck MSCI International Quality ETF (QUAL):

- During the third quarter of 2024, the fund returned -0.24%, underperforming the MSCI World Ex Australia Index, which returned 2.30%. Energy contributed positively due to an underweight exposure, while the technology sector detracted the most, reflecting the sector's 5.57% decline. The portfolio consists of 300 companies with notable holdings in sectors like information technology (32.0%) and healthcare (17.2%). The Federal Reserve and other central banks have initiated an easing cycle, with expectations for further rate cuts. However, VanEck anticipates that interest rate cuts will be gradual, and the prolonged high-rate environment could pressure companies with high financial leverage. Thus, demand for companies with strong balance sheets and low debt is expected to grow, as market volatility may increase.

Performance

The AAN Core model returned 4.60% (before fees) this quarter, bringing the rolling 12-month total to 14.79% (before fees).

Over the quarter, the largest contribution came from domestic listed property (+11.18%), followed by domestic shares (+6.48%), international shares (+4.08%), domestic fixed interest (+2.46%), and cash & equivalents (+2.32%).

For the 12-month period, all asset classes have been positive; international shares (+5.65%), domestic shares (+5.16%), domestic listed property (+1.96%), domestic fixed interest (+1.35%), and cash & equivalents (+0.94%).

Key Contributors for the year to 30 September 2024:

- Vanguard MSCI Index International Shares (Hedged) ETF (1.97%)
- VanEck MSCI International Quality ETF (1.91%)
- VanEck Australian Equal Weight ETF (1.37%)

Key Detractors for the year to 30 September 2024:

- Woodside Energy Group Ltd (-0.22%)
- Domino's Pizza Enterprises Ltd (-0.08%)
- IDP Education Ltd Ardea Real Outcome Fund (-0.05%)

AAN GROWTH - AC0002

As at 30 Sept 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

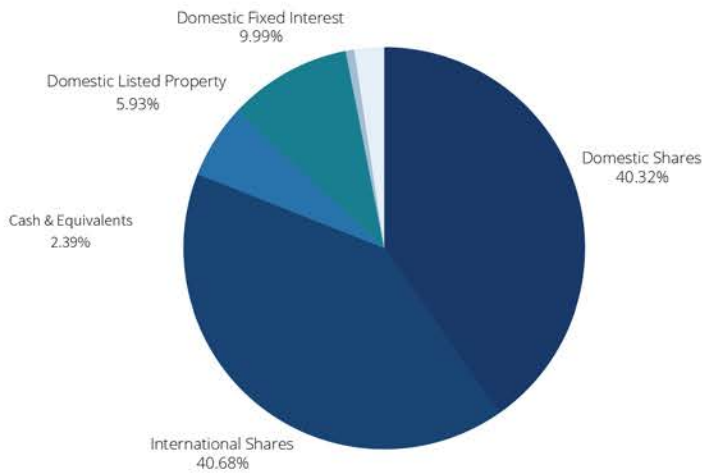
Investment description

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%

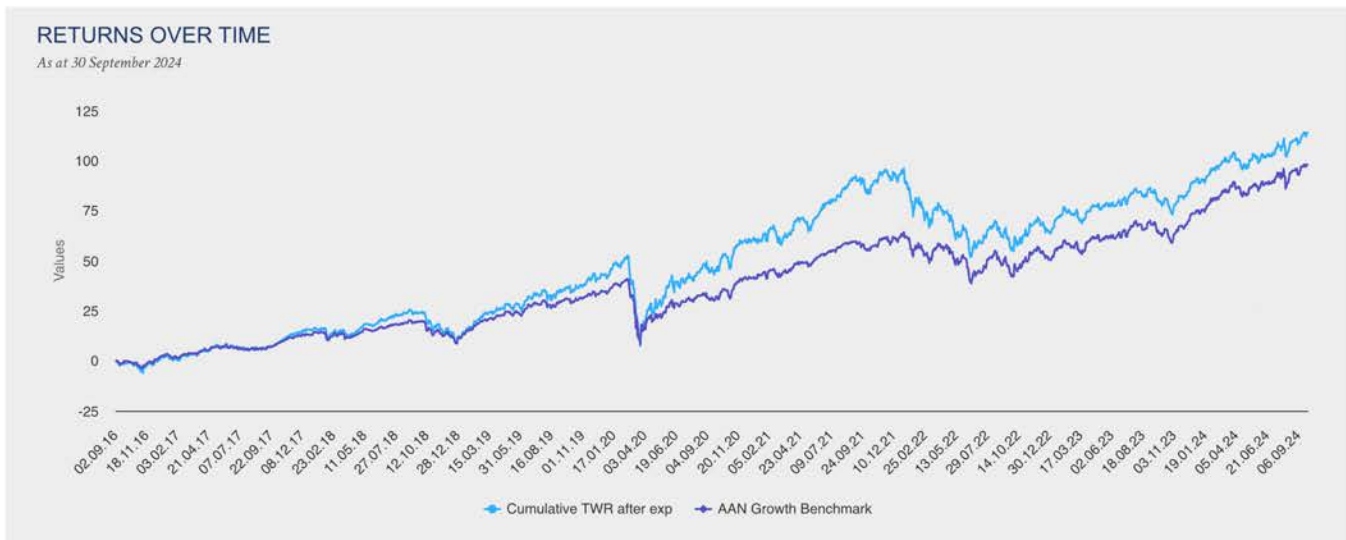
Top 5 holdings represent 47.68% of total fund

Performance

As at 30 Sept 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.64%	5.47%	4.89%	19.30%	4.60%	9.43%	9.89%

Returns over time



As at 30 Sept 2024

The Model

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

Notable Investments

DNR Capital Australian Equities High Conviction Portfolio:

- The Fund saw strong performance from SEEK, Lendlease, and CAR Group, with SEEK benefiting from its solid FY24 results despite a weaker FY25 outlook, Lendlease continuing to gain from international asset sales, and CAR Group driving growth through pricing power in Australia and resilience in its US business. On the downside, the Fund's lack of holdings in outperforming stocks such as Commonwealth Bank and Westpac detracted from performance, as did the underperformance of Treasury Wine Estates, which faced concerns over long-term growth in its Penfolds brand in China. The broader market saw the S&P/ASX 200 Total Return Index rise 0.47%, with the Information Technology sector leading gains while Energy and Materials underperformed due to concerns over global growth and weak demand from China. The market is now closely watching for signs of economic landing, with a soft-landing favouring cyclical stocks, while a harder landing could shift focus to defensive positioning.

Lazard Global Equity Franchise Fund:

- Global equity markets rallied in the September quarter, driven by optimism around interest rate outlooks, particularly following a 50-basis-point rate cut by the US Federal Reserve, the largest since March 2020. This cut, along with additional cuts forecasted, alleviated recession fears and sparked a global stock market rally. The Fund outperformed with an 8.79% return, compared to the MSCI World Index's 2.39%. Strong performers included Omnicom, Nexi, and National Grid, while Rentokil and SES faced challenges due to lower growth and accounting changes. The portfolio remains focused on market leaders with strong earnings predictability, trading at a discount to intrinsic value.

Performance

The AAN Growth model returned 5.47% (before fees) for the quarter, bringing the rolling 12-month return to 19.30% (before fees).

Over the quarter, the largest contribution came from domestic listed property (+11.14%), followed by domestic shares (+6.6%), international fixed interest (+3.94%), international shares (+3.61%), domestic fixed interest (+2.96%), and cash & equivalents (0.0%).

For the 12-month period, all asset classes have been positive; international shares (+8.28%), followed by domestic shares (+7.65%), domestic listed property (+2.8%), domestic fixed interest (+0.58%), cash & equivalents (+0.24%), international fixed interest (+0.07%).

Key Contributors for the year to 30 September 2024:

- Vanguard MSCI Index International Shares (Hedged) ETF (2.96%)
- VanEck MSCI International Quality ETF (2.42%)
- Vanguard Australian Property Securities Index ETF (1.86%)

Key Detractors for the year to 30 September 2024:

- Woodside Energy Group Ltd (-0.29%)
- Domino's Pizza Enterprises Ltd (-0.11%)
- IDP Education Ltd (-0.06%)

AAN Australian - AC0003

As at 30 Sept 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

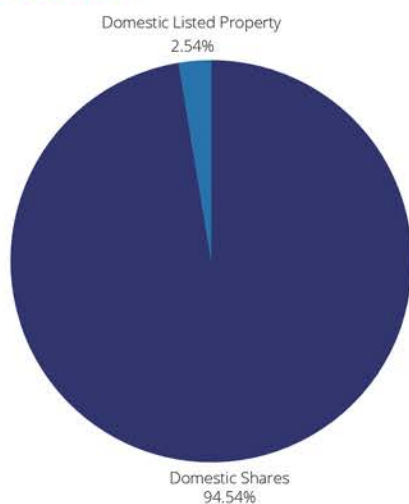
Investment description

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	24.80%
Perpetual Focus Australian Share	24.32%
BHP Group Limited FPO	5.90%
CSL Limited FPO	4.78%
Commonwealth Bank of Australia FPO	3.64%

Top 5 holdings represent 63.44% of total fund

Performance

As at 30 Sept 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	3.01%	6.50%	5.93%	18.11%	3.62%	7.56%	8.77%

Returns over time

RETURNS OVER TIME

As at 30 September 2024



AAN Australian - AC0003

As at 30 Sept 2024

The Model

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

Notable Investments

VanEck Australian Equal Weight ETF (MVW):

- In Q3 2024, MVW outperformed the S&P/ASX 200 Index by 0.21%. The strongest performing sectors in the fund were Real Estate (+18.84%), Information Technology (+18.31%), and Consumer Discretionary (+16.08%), while Energy (-4.51%) and Health Care (-5.13%) lagged. Mid-cap companies, particularly those in the materials and consumer discretionary sectors, contributed significantly to the outperformance. However, the underweight positions in large Australian banks such as Westpac detracted from relative performance. The ETF benefited from its diversified, equally weighted approach, offering strong returns while reducing concentration risk compared to market capitalization-weighted indices.

DNR Capital Australian Equities High Conviction Portfolio:

- The Fund saw strong performance from SEEK, Lendlease, and CAR Group, with SEEK benefiting from its solid FY24 results despite a weaker FY25 outlook, Lendlease continuing to gain from international asset sales, and CAR Group driving growth through pricing power in Australia and resilience in its US business. On the downside, the Fund's lack of holdings in outperforming stocks such as Commonwealth Bank and Westpac detracted from performance, as did the underperformance of Treasury Wine Estates, which faced concerns over long-term growth in its Penfolds brand in China. The broader market saw the S&P/ASX 200 Total Return Index rise 0.47%, with the Information Technology sector leading gains while Energy and Materials underperformed due to concerns over global growth and weak demand from China. The market is now closely watching for signs of economic landing, with a soft-landing favouring cyclical stocks, while a harder landing could shift focus to defensive positioning.

Performance

The AAN Australian model returned 6.50% (before fees) for the quarter and 18.11% (before fees) for the 12-month period.

Over the quarter, the largest contribution came from domestic listed property (+16.58%), followed by domestic shares (+6.52%), and cash & equivalents was neutral (0.0%).

For the 12-month period, all asset classes have been positive; domestic shares (+17.84%), and domestic listed property (+0.98%).

Key Contributors for the year to 30 September 2024:

- VanEck Australian Equal Weight ETF (4.63%)
- Perpetual Focus Australian Share (3.6%)
- National Australia Bank Ltd (1.39%)

Key Detractors for the year to 30 September 2024:

- Woodside Energy Group Ltd (-0.74%)
- Domino's Pizza Enterprises Ltd (-0.29%)
- IDP Education Ltd (-0.16%)

AAN Index Core - AC0004

As at 30 Sept 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0004
Investment Fee	0.30% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	24 Feb 2017
ICR and Transaction Cost	0.20% p.a.
Indicative No. of Holdings	Up to 25

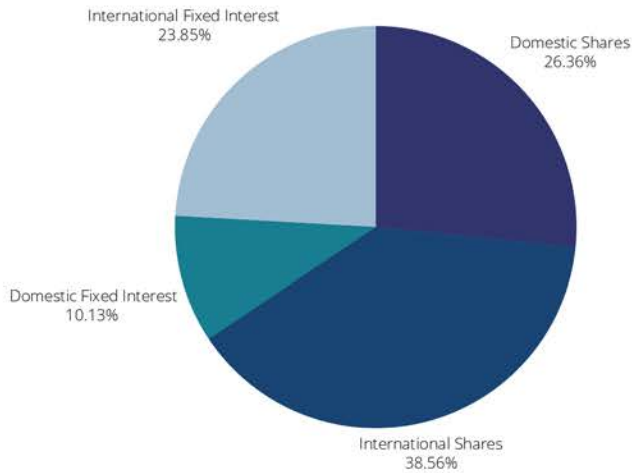
Investment description

The Index Core portfolio is an actively managed diversified portfolio which obtains exposure using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a strategic growth exposure of 65% and defensive exposure of 35%. The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

The Index Core portfolio's investment objective is to outperform CPI by 2.50% p.a before fees over rolling 5-year periods.

Asset Allocation



Top 5 holdings

Betashares Australia 200 ETF	26.36%
Vanguard Global Aggregate Bond Index (Hedged) ETF	23.85%
Vanguard US Total Market Shares Index ETF	12.92%
Vanguard MSCI Index International Shares (Hedged) ETF	11.71%
iShares Australian Bond Index	10.13%

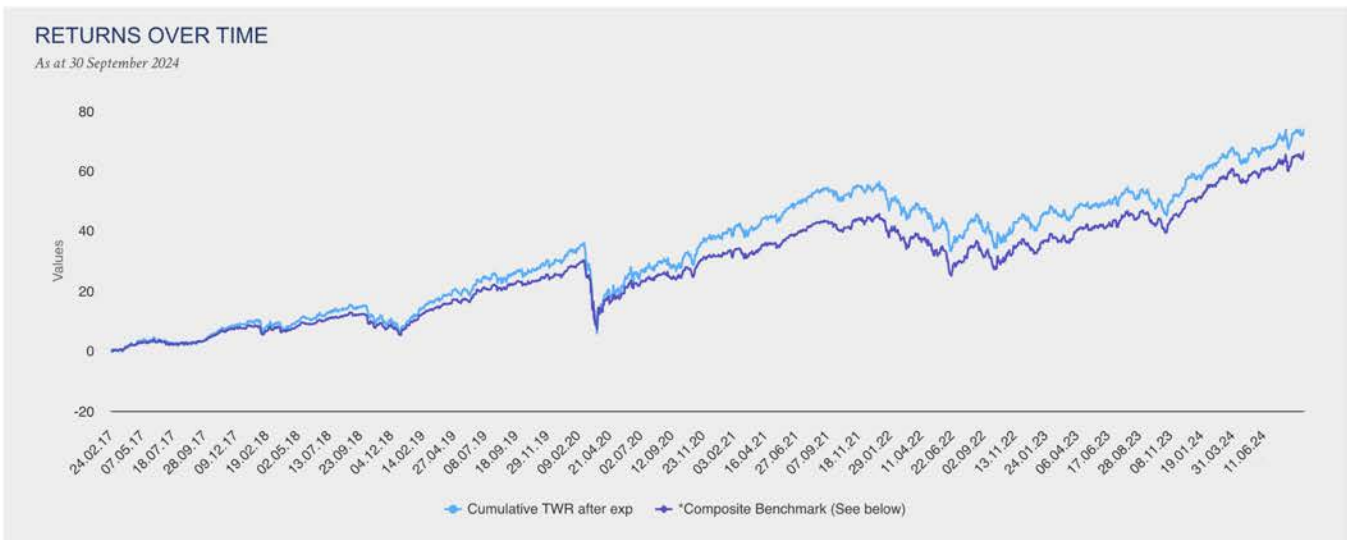
Top 5 holdings represent 84.97% of total fund

Performance

As at 30 Sept 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%	4.42%	4.79%	18.04%	5.06%	6.82%	7.72%

Returns over time



AAN Index Core - AC0004

As at 30 Sept 2024

The Model

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

Notable Investments

The top contributing assets over 1 July 2024 to 30 September 2024 was the BetaShares Australia 200 ETF (+2.07%), and the Vanguard Global Aggregate Bond Index (Hedged) ETF (+0.95%).

Performance

The AAN Index Core model returned 4.42% (before fees) over the quarter which brought the rolling 12-month period return to 18.04% (before fees).

Over the quarter, the largest contribution came from domestic shares (+8%), followed by international fixed interest (+3.95%), domestic fixed interest (2.99%), and interest shares (2.93%).

For the 12-month period, all asset classes have been positive; international shares (+9.12%), domestic shares (+6.05%), international fixed interest (+2.36), and domestic fixed interest (+0.73%).

Key Contributors for the year to 30 September 2024:

- BetaShares Australia 200 ETF (2.07%)
- Vanguard Global Aggregate Bond Index (Hedged) ETF (0.95%)
- Vanguard MSCI Index International Shares (Hedged) ETF (0.42%)

Key Detractors for the year to 30 September 2024:

- None

AAN Index Growth - AC0005

As at 30 Sept 2024

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0005
Investment Fee	0.30% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	22 Aug 2018
ICR and Transaction Cost	0.17% p.a.
Indicative No. of Holdings	Up to 25

Investment description

The Index Growth portfolio is an actively managed diversified portfolio which obtains exposure by using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a higher emphasis on growth exposure (90%) relative to defensive exposure (10%). The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

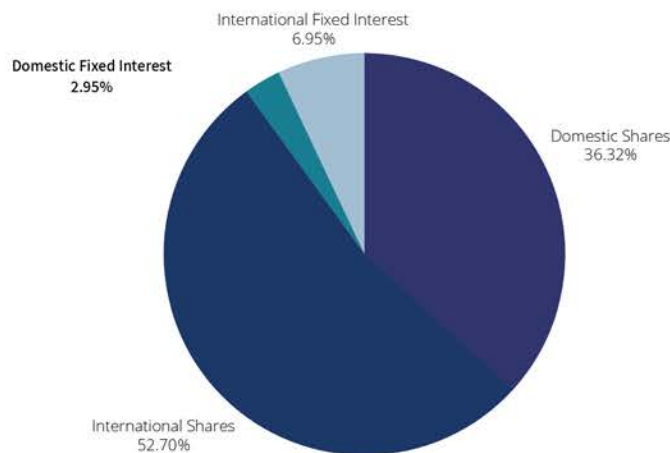
The Index Growth portfolio's investment objective is to outperform CPI by 3.5% p.a before fees over rolling 5-year periods.

Top 5 holdings

BetaShares Australia 200 ETF	36.32%
Vanguard US Total Market Shares Index ETF	17.78%
Vanguard MSCI Index International Shares (Hedged) ETF	15.91%
Vanguard All-world ex-US Shares Index ETF	7.87%
Vanguard Global Aggregate Bond Index (Hedged) ETF	6.95%

Top 5 holdings represent 84.83% of total fund

Asset Allocation



Performance

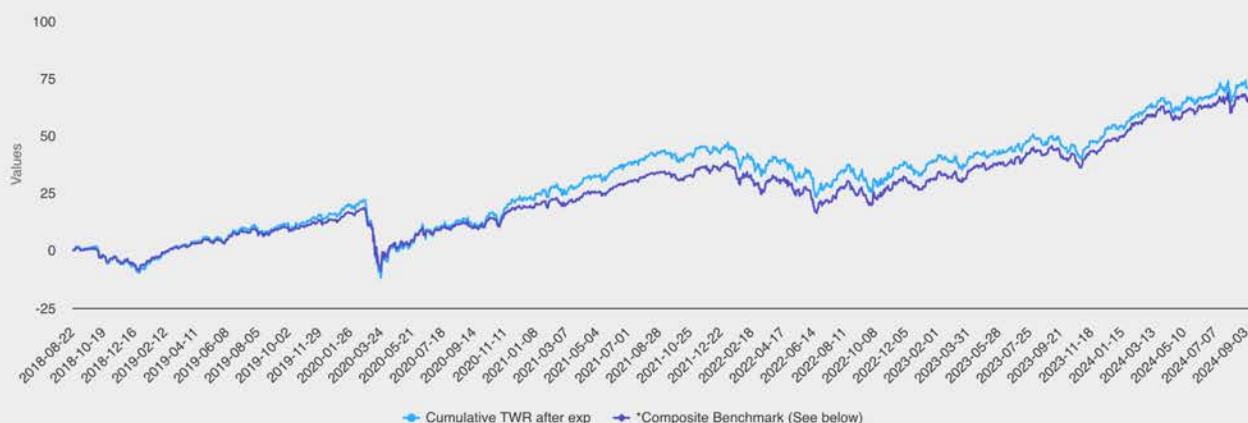
As at 30 Sept 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.90%	4.71%	5.36%	21.66%	7.71%	9.61%	9.68%

Returns over time

RETURNS OVER TIME

As at 30 September 2024



AAN Index Growth - AC0005

As at 30 Sept 2024

The Model

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

Notable Investments

The top contributing assets over 1 July 2024 to 30 September 2024 was the BetaShares Australia 200 ETF (+2.85%), and the Vanguard MSCI Index International Shares (Hedged) ETF (+0.57%).

Performance

The AAN Index Growth model returned 4.71% (before fees) this quarter, bringing the rolling 12-month return to 21.66% (before fees).

Over the quarter, the largest contribution came from domestic shares (+7.99%), followed by international fixed interest (+3.94%), domestic fixed interest (+2.99%), international shares (+2.91%), and cash & equivalents was neutral (0.0%).

For the 12-month period, all asset classes have been positive; international shares (+12.59%), followed by domestic shares (+8.42%), international fixed interest (+0.69%), and domestic fixed interest (+0.21%).

Key Contributors for the year to 30 September 2024:

- BetaShares Australia 200 ETF (2.85%)
- Vanguard MSCI Index International Shares (Hedged) ETF (0.57%)
- Vanguard All-World ex-US Shares Index ETF (0.34%)

Key Detractor:

- None

AAN Sustainable Growth - AC0006

As at 30 Sept 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	

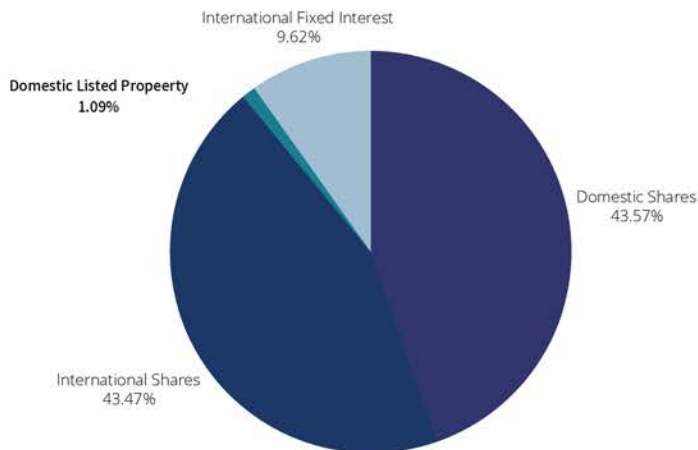
Investment description

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

Alphinity Sustainable Share	11.34%
iShares Core MSCI Australia ESG ETF	11.28%
iShares Core MSCI World EX Aus ESG (AUD HED) ETF	11.18%
Perpetual ESG Australia Share	11.15%
AXA IM Sustainable Equity	10.89%

Top 5 holdings represent 55.84% of total fund

Performance

As at 30 Sept 2024

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	0.87%	4.55%	3.71%	20.95%	5.62%	N/A	8.50%

Returns over time

RETURNS OVER TIME

As at 30 September 2024



AAN Sustainable Growth - AC0006

As at 30 Sept 2024

The Model

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

Notable Investments

Perpetual Diversified Real Return Fund:

- In August 2024, the ESG Real Return Fund returned 0.3% (net), contributing to a 12-month return of 3.5% (net). The Fund's performance was bolstered by gains in U.S. government bonds as yields fell due to expectations of a rate-cutting cycle by the Federal Reserve. Global stock selection, particularly in value and UK income strategies, also added to returns. However, domestic equities, especially in Australia's technology sector, weighed on performance, and the weakening U.S. dollar further detracted from returns.
- In terms of current positioning, the Fund reduced its exposure to U.S. 2-year government bonds, focusing on shorter maturities to benefit from falling central bank rates. It also maintains downside protection through options on major indices and currencies, including positions on the S&P 500, Eurostoxx, and USD-JPY pairs. The Fund retains a significant allocation to cash, allowing for flexibility in taking advantage of potential market mispricing.

DNR Socially Responsible Strategy:

- During the period, investors shifted away from banks like Commonwealth Bank of Australia (CBA) toward resource companies due to China's stimulus measures, leading to underperformance for CBA but gains for Rio Tinto (RIO), supported by rising iron ore prices. SEEK (SEK) benefited from stronger job advertisement volumes. In contrast, CSL (CSL) and ALS (ALQ) underperformed, with CSL affected by healthcare sector weakness and ALS lowering profit forecasts due to softer mineral testing volumes. Computershare (CPU) also declined due to a US interest rate cut. The S&P/ASX 200 Index rose 2.97%, with materials outperforming on stimulus-driven demand from China, while healthcare and consumer staples sectors lagged. The focus was on Chinese stimulus, US rate cuts, and their implications for global and Australian markets.

Performance

The AAN Sustainable Growth model returned 4.55% this quarter (before fees) whilst over 12 months the model returned 20.95% (before fees).

Over the quarter, the largest contribution came from domestic listed property (+21.75%), followed by domestic shares (+7%), international fixed interest (+3.18%), and international shares (+2.49%).

For the 12-month period, these asset classes have been positive contributed positively to the portfolio; international shares (+10.38%), followed by domestic shares (+10.11%), international fixed interest (+0.59%), and domestic listed property (+0.32%).

Key Contributors for the year to 30 September 2024:

- iShares Core MSCI WorldxAus ESG Leaders (AUD HED) ETF (3.44%)
- iShares Core MSCI Australia ESG ETF (2.93%)
- Alphinity Sustainable Share (2.71%)

Key Detractors for the year to 30 September 2024:

- IDP Education Ltd (-0.08%)
- IPH Ltd (-0.04%)

General Advice Warning

The information is published by AAN Asset Management Pty Ltd ABN 37 609 544 836, Corporate Authorised Representative 1238848 of Australian Advice Network AFSL 472901 | ABN 13 602 917 297. The information contained herein is not intended to be advice and does not take into account your personal circumstances, financial situation and objectives. The information provided herein may not be appropriate to your particular financial circumstances and we encourage you to obtain advice from your financial adviser before making any investment decisions. Please be aware that investing involves the risk of capital loss and past results are not a reliable indicator of future performance and returns. AAN Asset Management Pty Ltd makes no representation and give no accuracy, reliability, completeness or suitability of the information contained in this document and do not accept responsibility for any errors, or inaccuracies in, or omissions from this document; and shall not be liable for any loss or damage howsoever arising (including by reason of negligence or otherwise) as a result of any person acting or refraining from acting in reliance on any information contained herein. No reader should rely on this document, as it does not purport to be comprehensive or to render personal advice. Please consider the Product Disclosure Statement and any relevant TMDS before investing in the model.

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. If you want more information on the benchmarks used for each model please visit the AANAM website at www.aanam.com.au.