

Aequitas Balanced Portfolio

As of 30/06/2024

Description

The Aequitas Balanced Portfolio combines holdings of equities, exchange traded funds and managed funds. These provide exposure to all major asset classes and deliver a portfolio that reduces risk while offering long term growth and income. As investment markets change, the investment team adapts the portfolio to reduce volatility and seek out opportunities. This produces a better balance of reward to risk over the long term.

The portfolio has a strategic asset allocation of 42% to income assets and 58% to growth assets. Our dynamic asset allocation overlay varies the weights of funds to respond to economic and market conditions and improve risk-adjusted returns. The portfolio aims to deliver a total return above RBA Cash +3% with market-comparable levels of portfolio volatility over the long term.

Market Update

Equity and bond markets continued May's positive performance into June. Emerging market equities regained the ground they lost last month and growth equities performed well, notably in the US. Value stocks gave up last month's gains.

The best performing asset classes were Australian equities and international equities. The weaker asset classes were alternatives and cash. Our positioning added value in Australian equities and alternatives. Our positioning detracted in international equities. In the portfolio the top contributors were Vanguard MSCI Intl Hdg ETF, iShares MSCI Emerging Markets ETF and Vanguard Australian Fixed Interest Index. The main detractors were Vanguard Global Value Equity Active ETF and ClearBridge RARE Infrastructure.

Portfolio Update

With inflation moderating and growth remaining robust in the US and many emerging market countries, investors are weighing up the timing of future interest rate cuts. Unemployment is starting to rise in some countries, and high equity valuations for fast growing companies are unattractive. However, there are opportunities in value stocks and bonds that should provide good returns for long-term investors.

Over June we reallocated from tactical allocation strategies to European and Japanese equities and reduced our active government bond exposure to invest in active short-term credit funds. With the outlook improving, we have reduced our exposure to market-neutral strategies and increased our holdings in segments of the equity and bond markets that offer attractive valuations. The portfolio is still slightly defensively positioned.

Important Information

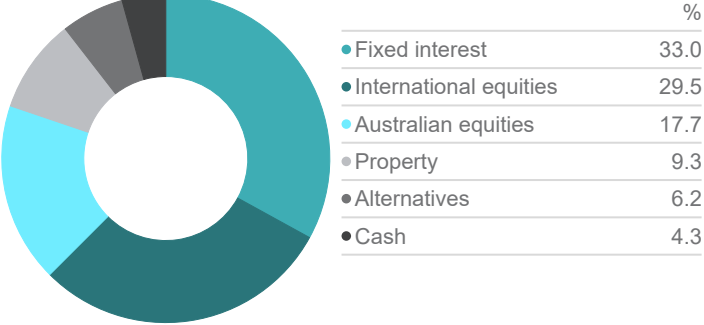
* Aequitas Investment Partners (Aequitas) first offered portfolios in November 2020. Aequitas' Joint Chief Investment Officers Dr Rowan Stewart and David Berthon-Jones use a similar investment process, methodology and investment universe in the Aequitas portfolios to that used in strategies the team managed whilst at another firm. For completeness, we have provided the historical performance of the similar strategy since 1 January 2010 to 2 November 2020. The performance has been adjusted to reflect the fees applicable to the Aequitas SMA portfolio (0.308% including GST net RITC). An investor's actual performance will vary depending on the timing of transactions, whether income is paid and divergence from model portfolio weightings. Please note that past performance is not a reliable indicator of future performance. The Portfolio is available on Macquarie Wrap Separately Managed Accounts.

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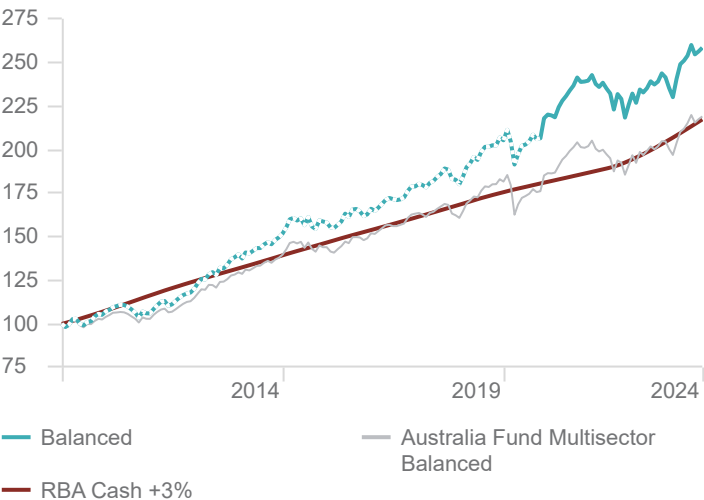
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Asset Allocation



Investment Growth *



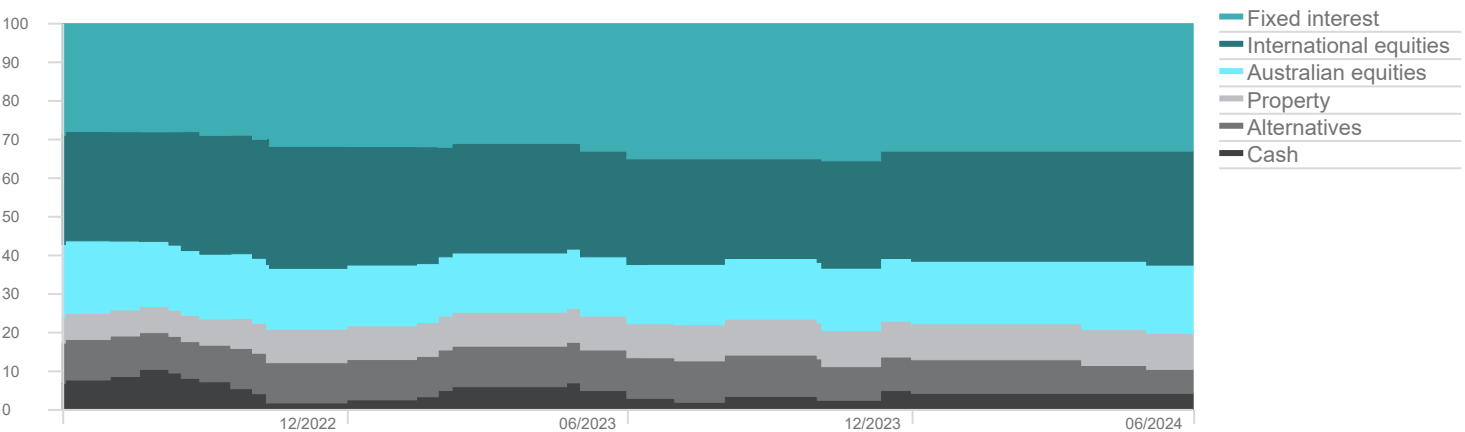
Trailing Returns *

	Balanced	Australia Fund Multisector Balanced	RBA Cash +3%
1 Month	0.81	0.71	0.61
3 Months	-0.60	-0.38	1.86
6 Months	3.80	4.21	3.76
1 Year	8.12	8.47	7.61
3 Years	3.39	3.18	5.64
5 Years	5.40	4.44	4.77
10 Years	6.06	5.12	4.84
Since Inception	6.94	5.60	5.50

Portfolio Highlights		Monthly Performance Highlights		
Investment style	Multi-sector balanced	Asset Class Returns		
Investment universe	ASX-listed equities, exchange traded funds and unlisted managed funds	Fixed interest	33.00	0.74
Risk label	5 - medium to high	Australian equities	17.70	1.32
Minimum investment horizon	5 years	International equities	28.90	0.60
Minimum investment amount	\$100,000	Cash	4.30	0.35
Number of assets	Typically 20 to 30 equities and 15 to 20 managed funds	Property	9.30	0.15
Fees and costs	0.71% including fund fees and management costs, but not platform charges	Unclassified	0.00	—
		Alternatives	6.80	-2.11
		Top Contributors		
		Vanguard MSCI Intl (Hdg) ETF	15.96	2.29
		Vanguard Australian Fixed Interest Index	14.94	0.76
		Insurance Australia Group Ltd	0.63	15.16
		Top Detractors		
		ClearBridge RARE Infrstrctr Val Hdg A	5.93	-3.14
		Vanguard Global Value Equity Active ETF	3.42	-3.16
		Orbis Global Equity Fund Retail Class	3.53	-1.59

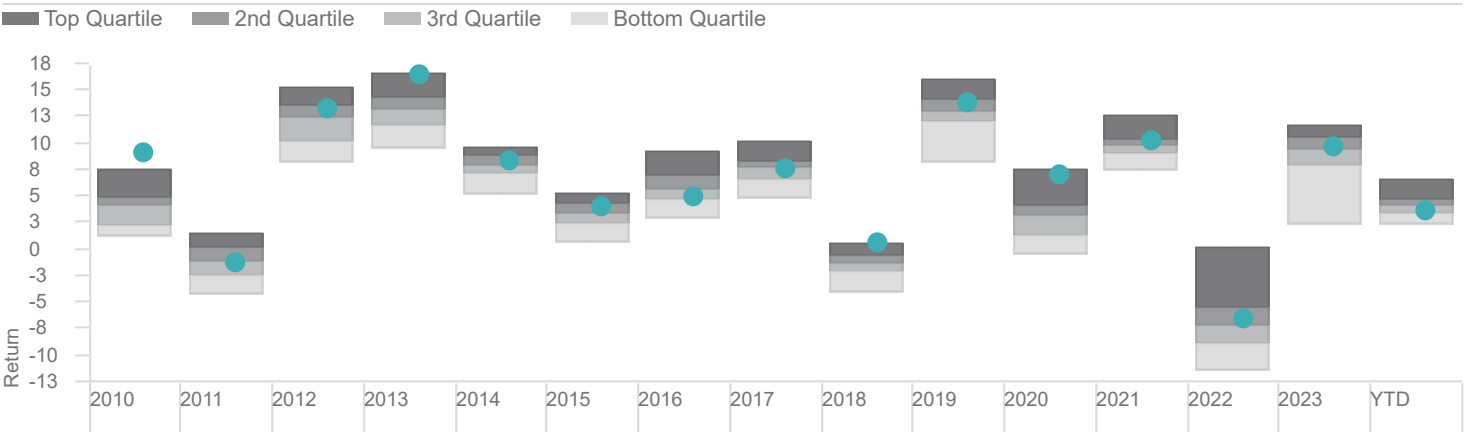
Asset Allocation Changes

As the outlook has improved, we have progressively reduced our holdings in market-neutral funds and cash. We have invested the proceeds into international equities, particularly value-focused strategies, and into fixed income, which now offers more attractive yields than it has for many years.



Long Term Returns

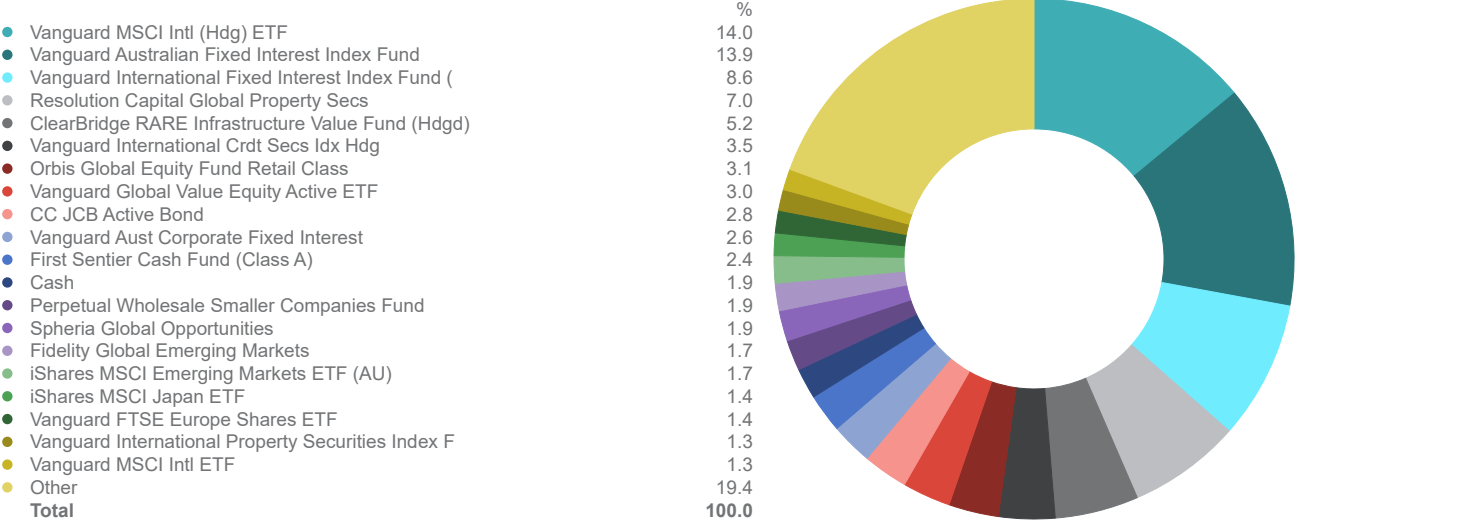
The strategy has exceeded its objective over its time horizon for almost all rolling periods since inception and has been in the first or second quartile of peers for 13 of the last 14 years.



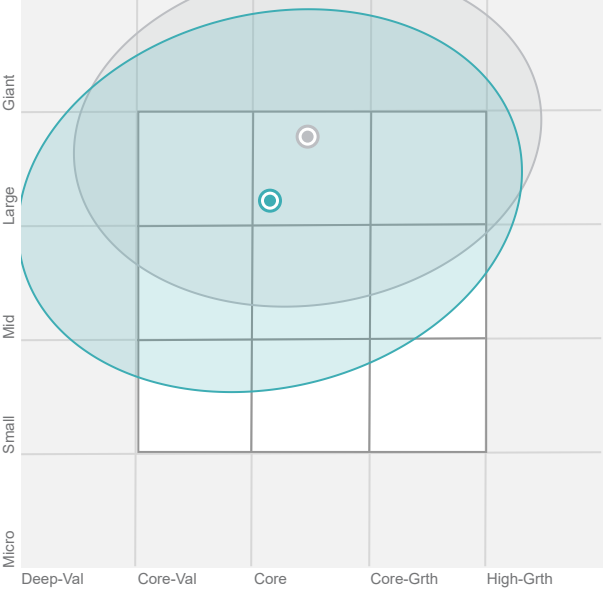
Portfolio Construction

The portfolio holds a diverse range of global and Australian equity and fixed interest investments with some cash and alternatives. Equities are mainly stable, large companies, while the fixed interest holdings are primarily bonds issued by governments and corporations with high credit ratings. The portfolio includes a strategic allocation to high quality infrastructure and property from around the world. The portfolio has low exposure to speculative companies and unrated debt. As a result, it tends to be more resilient in periods of severe equity market stress.

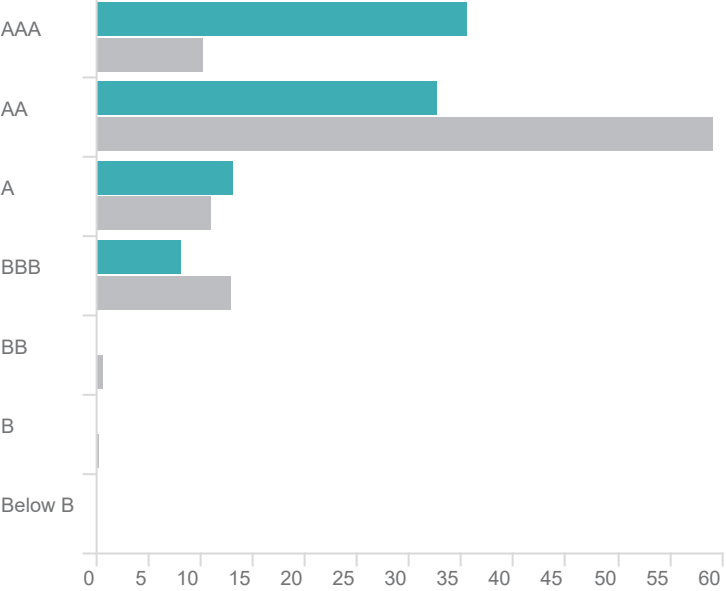
Portfolio Holdings



Equity Holdings Style Map



Fixed Interest Aggregate Credit Grade



Drawdown

