

# AAN GROWTH - AC0002

As at 31 Dec 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0002
Investment Fee	0.52% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.22% p.a.
Commencement	02 Sept 2016
ICR and Transaction Cost	0.45% p.a.
Indicative No. of Holdings	Unlimited

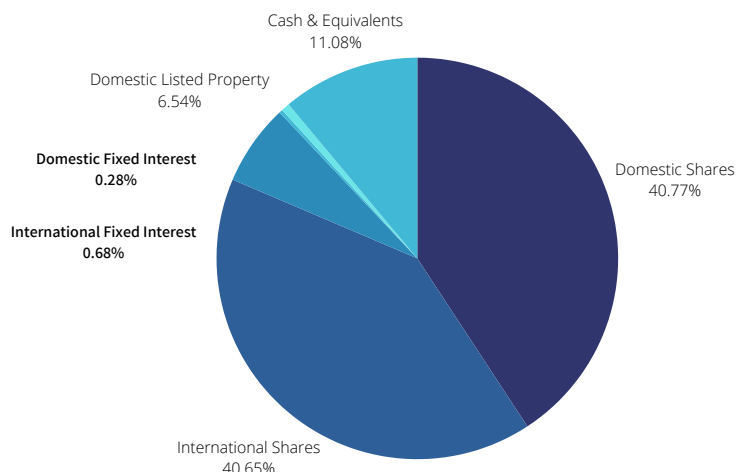
## Investment description

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 Growths 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	10.72%
VanEck Australian Equal Weight ETF	9.91%
Perpetual Focus Australian Share	9.16%
Perpetual Diversified Real Return W	9.00%
Franklin Global Growth	8.94%

Top 5 holdings represent 47.73% of total fund

## Performance

As at 31 Dec 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	4.84%	6.31%	5.56%	16.06%	6.08%	11.18%	9.22%

## Returns over time



## The Model

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

## Notable Investments

### Domestic Shares (Perpetual Focus Australian Share Fund):

- In the fourth quarter of 2023, the S&P/ASX300 index saw a strong finish, delivering an 8.4% total return[MV1] [CU2] for the quarter, driven by investor optimism around moderating inflation and speculation about potential interest rate cuts in 2024. This optimism was bolstered by the Federal Reserve's pivot to a more dovish policy in December. The quarter saw varied performances across different sectors, with notable gains in A-REITs, Healthcare, and Materials, led by BHP's significant rise. However, the Energy sector struggled due to falling oil prices.
- The Focus Australian Share Fund's portfolio had overweight positions in Insurance Australia Group Ltd, National Australia Bank Limited, and Santos Limited, while being underweight in companies like Westpac Banking Corporation, Macquarie Group, and Wesfarmers Limited. Key contributors to the fund's performance included an underweight position in Woodside Energy Group and a new position in Goodman Group, which capitalised on opportunities in the property sector. Detractors included Iluka Resources, which saw a decline after previous significant gains, and AGL, which underperformed in relation to energy sector developments. Looking into 2024, expectations vary, with hopes for a soft landing in the US and Australian economies, despite potential challenges such as a European recession and a sluggish Chinese economy.

### International Equities (Franklin Growth Fund)

- In the fourth quarter of 2023, Zscaler and Shopify positively impacted the IT sector, with both companies surpassing consensus earnings expectations. Zscaler, a U.S. network security firm, reported a significant revenue increase in its fiscal first quarter of 2024, while Shopify's third-quarter earnings were boosted by strong gross merchandise value growth, top-line trends, and unexpected profitability. Conversely, Paycom Software in the industrials sector underperformed, with its shares dropping after a downward revision in its 2023 revenue growth forecast due to issues with the Beti platform. Similarly, consumer discretionary company Aptiv faced a decline in stock value, affected by concerns over United Auto Workers strikes in the U.S. and a disappointing growth-over-market figure, despite strong third-quarter financial results.

## Performance

The AAN Growth model returned 6.31% (before fees) for the quarter, bringing the rolling 12 month return to 16.06% (before fees).

Over the quarter, all asset classes made positive contributions to the portfolio. The largest contribution came from domestic equities (+2.49%), followed by international equities (+2.14%) and domestic listed property (+0.82%) making a smaller positive contribution.

For the 12-month period, all asset classes were positive contributors, led by international shares (+22.51%) and domestic shares (+13.24%), followed by domestic listed property (+16.95%), international fixed interest (+4.62%), domestic fixed interest (4.86%), and cash (+3.00%).

### Key Contributors:

- Vanguard MSCI Index International Shares (Hedged) +0.82%
- Vanguard Australian Property Securities Index +0.70%
- VanEck MSCI International Quality +0.62%

### Key Detractors:

- IGO Ltd -0.07%
- Perpetual Focus Australian Share -0.06%
- Woodside Energy Group Ltd -0.05%

## 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 || 42.5% MSCI World Index (AUD) || 5% FTSE EPRA Nareit Developed TR Hedged AUD || 3% Bloomberg AusBond Composite Index || 3% Bloomberg Barclays Global Aggregate TR Hedged AUD || 4% RBA Cash Rate. 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).