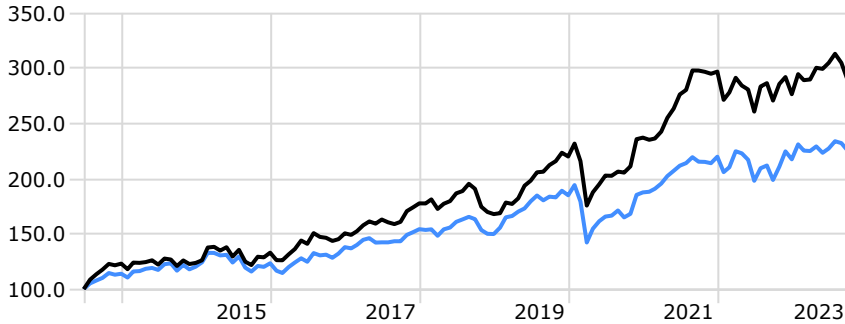


Core Australian Equities

As of 30/09/2023



Investment Growth



— Core Australian Equities — S&P/ASX 200 TR AUD

Portfolio Overview

When investing in Australian equities we look for companies that demonstrate real Market Opportunities for Profitable Products or Services with Competitive Advantages and Barriers to Entry. The first elements make a business possible, the last elements make it a good and enduring business; without these, competitors enter to drive costs up and prices down ultimately eroding the company's competitive advantage.

Snapshot

# of Holdings	24
P/E Ratio Forward	81.97
Forward Dividend Yield %	2.46

Trailing Returns*

As of Date: 30/09/2023

	3 Months	1 Year	3 Years	5 Years	Since Common Inception (1/07/2013)
Core Australian Equities	-5.00	6.98	12.11	8.70	10.93
S&P/ASX 200 TR AUD	-0.77	13.46	11.00	6.67	8.26

Leading Contributors

Time Period: 1/07/2023 to 30/09/2023

	Return
Megaport Ltd	63.02
National Australia Bank Ltd	10.24
AUB Group Ltd	9.98
Aristocrat Leisure Ltd	5.66
Orica Ltd	5.12

Risk

	Alpha	Information Ratio (geo)	Tracking Error
Core Australian Equities	2.66	0.48	5.16

Leading Detractors

Time Period: 1/07/2023 to 30/09/2023

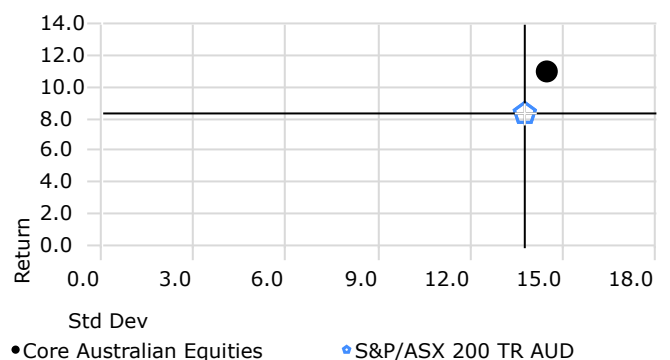
	Return
ResMed Inc CHESS Depository Interests on a ratio of 10 CDIs per ord.sh	-27.88
Allkem Ltd	-26.59
WiseTech Global Ltd	-18.39
Australian Finance Group Ltd	-16.33
PEXA Group Ltd	-16.09

Equity Sectors



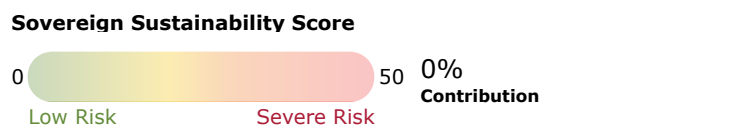
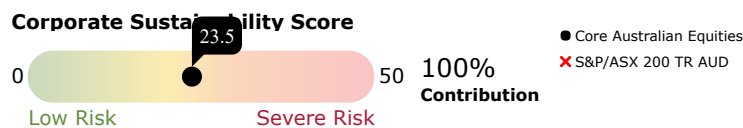
Sector	%
Basic Materials	26.4
Consumer Cyclical	8.4
Financial Services	23.2
Real Estate	8.2
Consumer Defensive	4.1
Healthcare	13.7
Industrials	7.1
Technology	9.1
Total	100.0

Risk-Reward



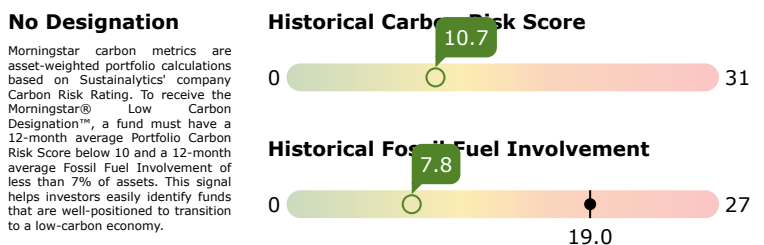
Sustainability Score

Portfolio Date: 30/09/2023 Benchmark: S&P/ASX 200 TR AUD



Historical Carbon Risk - Core Australian Equities

Portfolio Date: 30/09/2023 Benchmark: S&P/ASX 200 TR AUD



*The portfolio's inception date for performance calculation purposes is 01 Jul 2013. Portfolio total dollar and percentage returns are inclusive of franking credits. Percentage returns have been calculated using the Time Weighted Return (TWR) method. Portfolio returns are based on a theoretical model portfolio. Returns for individual investors may vary. Cash is given a 0% return. Gross return shown.

Portfolio Review

While in the previous quarter the Core Australian Equities Model produced a material outperformance against a backdrop of a relatively flat equity market, this quarter, that was all given back so that over the half the portfolio and index are only 0.34bpts apart. The portfolio returned -4.78% for the quarter against the ASX200 Accumulation Index returning -0.77%.

During the quarter we exited long duration, high debt, investments in AIA, QUB and TCL. All continue to be negatively impacted by rising bond yields and higher interest rates. Additions to the portfolio included AUB Group (benefiting from high bond yields and inflation), FleetPartners (benefiting from EV legislation), and Westpac Bank. We topped up positions in BlueScope Steel, CSL Limited, Endeavour and Magellan Financial Group.

Top contributors for the quarter included Megaport, National Australian Bank and Aristocrat Leisure. Top detractors from the portfolio included WiseTech and the main culprits for the underperformance – Allkem and ResMed.

For Allkem 1) Spodumene prices fell over ~30% through 3Q23, while carbonate & hydroxide prices were also down 45-50%, 2) On a YTD basis, lithium demand appears strong (BEV sales up 32% to Aug vs. 2022 / ESS battery output projected to grow 74% in 2023); however, on a monthly basis, sluggish battery production volumes in Oct. vs Sep. are currently weighing on consumption, 3) Rising supply has erased price tension; seasonal growth from Australia is likely to roll through over the coming months (dry season), Africa has emerged as a marginal exporter to China, and China domestic volume growth appears strong. Overall, the long-term thesis remains very strong. While the short-term volatility is disappointing, patient investors should prevail.

For ResMed the story has been a little more complicated. In the August result announcement sales outside the US were softer than expected but the US was in line with expectations. Mask sales were strong, but devices failed to meet expectation. Gross margin declined again which was again attributed to sales mix and higher component and manufacturing costs. This was partially offset by increased prices. Cost headwinds could persist for a little longer and currency could also become a material factor.

New weight loss drugs from Novo Nordisk (released) and Eli Lilly (to be released in CY23) are being seen as major structural shifts in the health care industry. For RMD the market is implying a significant and fast reduction in the addressable market for sleep apnoea, obesity is a leading cause of sleep apnoea.

Over time as more information has come to light, consensus is shifting. Wegovy has been scrutinised for 'suicidal' thoughts, Novo Nordisk's Ozempic gets FDA label update flagging risk of intestinal blockage disorder, and then on a recent trip to the US one of our international equity managers met with health insurer, UnitedHealth, and confirmed reports that the costs of the drugs will be prohibitive for mass distribution. "Novo Nordisk and Eli Lilly are about to start raking in tens of billions of dollars a year on their new obesity drugs, say Wall Street analysts. That's great news for the drugmakers, certainly, but it could be a disaster for the companies and government agencies set to pick up the bill.

Overall, we think the total addressable market (TAM) may decline marginally, but not materially as initially thought by investors. The share price has overreacted to the news, and we believe the current prices presents a sound long term entry point.