

Auxilium Index Plus Portfolios

February 2024



About the Portfolios

The Auxilium Index Plus Portfolios provide investors with a low cost and actively managed diversified portfolio of assets. The Portfolio allocations are set out below according to the risk profile of the investor, ranging from conservative to high growth. The portfolios are designed to provide a diversified exposure to different asset classes and geographies with an active management overlay that can change weights to different asset classes according to the economic and market outlook.

The model manager is Fiducian Investment Management, who has over 25 years experience managing diversified portfolios.

Portfolio Performance*

	1 month	3 months	6 months	1 year
Conservative Portfolio	0.53%	4.71%	4.32%	7.27%
Conservative Benchmark	0.72%	5.00%	4.50%	7.83%
Median Manager (Zenith AMI Cautious)	0.35%	3.20%	3.32%	5.40%
Balanced Portfolio	1.64%	8.25%	7.12%	12.44%
Balanced Benchmark	1.97%	8.69%	7.39%	13.15%
Median Manager (Zenith AMI Balanced)	1.39%	5.62%	5.00%	8.85%
Growth Portfolio	2.01%	9.43%	8.07%	14.39%
Growth Benchmark	2.43%	9.93%	8.37%	15.04%
Median Manager (Zenith AMI Growth)	1.95%	6.97%	5.94%	10.82%
High Growth Portfolio	2.79%	10.73%	9.24%	17.80%
High Growth Benchmark	3.11%	11.15%	9.54%	18.29%
Median Manager (Zenith AMI Aggressive)	2.57%	8.14%	7.24%	13.53%

Portfolio facts

Manager	Fiducian Investment Management
Benchmark	Zenith AMI Diversified Sector
Number of underlying assets	4-7
Management fees and costs	0.45%-0.47%
Other fees	Transaction fees (est): 0.04%
	Performance fees: None
Minimum investment amount	\$25,000

Source: Fiducian Investment Management 29/2/24

Portfolio Positioning

<u>Conservative</u>				<u>Balanced</u>			
Asset	Strategic	Tactical	Active	Asset	Strategic	Tactical	Active
Cash	15.0%	18.7%	3.7%	Cash	5.0%	7.2%	2.2%
Aus. Fixed Income	39.0%	36.1%	-2.9%	Aus. Fixed Income	19.0%	16.8%	-2.2%
Global Fixed Income	16.0%	13.6%	-2.4%	Global Fixed Income	7.0%	5.6%	-1.4%
Property	5.0%	5.8%	0.8%	Property	9.0%	10.0%	1.0%
Aus. Shares	15.0%	15.9%	0.9%	Aus. Shares	37.0%	36.6%	-0.4%
Global Shares	10.0%	9.8%	-0.2%	Global Shares	23.0%	23.9%	0.9%
<u>Growth</u>				<u>High Growth</u>			
Asset	Strategic	Tactical	Active	Asset	Strategic	Tactical	Active
Cash	2.0%	4.4%	2.4%	Cash	3.0%	3.5%	0.5%
Aus. Fixed Income	12.0%	9.2%	-2.8%	Property	7.0%	7.5%	0.5%
Global Fixed Income	5.0%	3.7%	-1.3%	Aus. Shares	50.0%	48.5%	-1.5%
Property	11.0%	12.0%	1.0%	Global Shares	40.0%	40.5%	0.5%
Aus. Shares	42.0%	42.0%	0.0%				
Global Shares	28.0%	28.7%	0.7%				

Source: Fiducian Investment Management 29/2/24

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Current Managers

Asset Class	Manager
Cash	Betashares High Interest Cash
Australian Fixed Income	Vanguard Australian Fixed Interest Index
Global Fixed Income	Vanguard Global Aggregate Bond Index
Property	Van Eck Australian Property
Australian Shares	Betashares Australia 200 ETF
Global Shares	Vanguard MSCI Index International Shares

Market commentary

Measures of global economic growth have generally been better than expected in recent months. There have been some signs of improvement in manufacturing activity, and consumer spending has remained robust. The downside to this is that inflation has also been slightly higher than anticipated, and forecasts of the number of possible interest rate cuts this year have now been wound back.

Global equity market performance was strong in February. In the US, the broad market (S&P 500 index) gained 5.2%, bolstered by a number of positive earnings announcements, and the Australian stock market (ASX 200 index) gained 0.8%. Emerging markets rebounded, led by gains in China (+8.1%) following the announcement of government measures to support the stock market. Fixed income returns were negative as longer term bond yields increased.

Looking ahead, monetary policy could become less restrictive this year, which may be positive for markets. However, geopolitical risks, alongside slower economic growth in the coming year represent potential headwinds. The International Monetary Fund (IMF) recently updated its economic outlook, and is now forecasting global growth to be 3.1% in 2024. This is above previous estimates, but still below the long-term trend rate of growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Portfolio commentary

The Auxilium Index Plus Portfolios have continued to generate pleasing returns for the start of 2024.

In February there was a positive contribution from being modestly overweight equities and underweight fixed income. In recent months, an overweight position in listed property has also been a strong contributor. The portfolios have been below the index benchmark for the first two months of the year, but continue to perform very well compared to the median manager in each of the portfolios.

The main detractor from relative performance was the allocation to the Van Eck Australian Property ETF. This fund underperformed its benchmark due to a different stock weightings relative to the benchmark. Over time, this stock-specific driver should reverse.

The portfolios maintain modest overweight positions to growth assets (Australian and International Shares and Listed Property) and an underweight to bonds relative to cash. There may be an opportunity in the near term to increase the weighting towards bonds as yields have returned to attractive levels.

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* Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns. Portfolio performance as set out in the table is a notional value only. The total return calculation assumes re-investment of all dividends. In practice, each investor's portfolio is distinct with its own price and return history, while dividends are fully distributed and not re-invested and rebalancing occurs only intermittently. Returns over 1 year are annualised and are net of the model management fee of 0.31% per annum and underlying investment costs. The benchmark for each portfolio is based on the Strategic Asset Allocation. Change in NAV may be used to measure performance of international assets to align timing with the benchmark returns.

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