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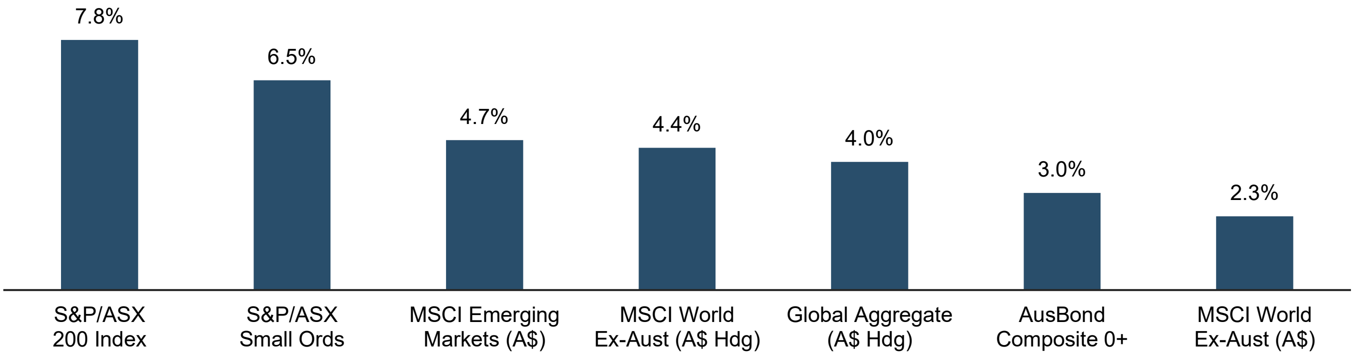
Core Growth Portfolio

The Evans and Partners Core Growth Portfolio utilises Evans and Partners' asset allocation methodology and investment strategy expertise to provide growth focused investors with exposure to a diversified portfolio of managed investments.

Performance to 30 September 2024	3 Months	6 Months	1 Year	3 Years (P.A.)	5 Years (P.A.)	Since Inception (P.A)
Evans and Partners Core Growth Portfolio	4.4%	4.2%	n/a	n/a	n/a	17.1%
RBA Cash Rate + 3.0% Index	1.8%	3.6%	n/a	n/a	n/a	7.3%
Outperformance	**2.6%**	**0.6%**	**n/a**	**n/a**	**n/a**	**9.9%**

The table above sets out the investment performance returns (AFTER investment management fees, but BEFORE administration fees, performance based fees and taxes) for the Portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs, and are accumulated for the period shown. Returns are shown as annualised if the period is over 1 year, or as total returns otherwise.These figures represent historical performance of the model portfolio only and should not be construed as an indication of future performance. Individual client returns may vary depending on investment timing and slight variances in individual weightings. An investment in this Portfolio incorporates risk, including loss of principal invested. Inception date 03/10/2023.

Quarterly market performance



Source: Bloomberg, Evans & Partners

Market review

Investment markets were positive for the quarter, with strength observed across a range of growth and defensive assets.

A key event was the US Federal Reserve cutting the Official Federal Funds Rate by 50 basis points (bp), with similar moves mirrored by the European Central Bank, People's Bank of China, and Reserve Bank New Zealand in an effort to stimulate their respective economies. US equities rallied, with the Russell 2000 (+9.3%) significantly outperforming the S&P 500 (+5.9%). The MSCI World Index ($A) returned +2.4%, with the Australian dollar hedged index returning a more robust +4.5%. The USD (-4.8%) weakened on a trade-weighted basis, while the AUD rose (+3.6%) to US$0.69. The US yield curve steepened, with the 2-year (-111bp) falling to 3.64% and the 10-year (-68bp) closing out the quarter at 3.78%.

Emerging markets (+4.7%) outperformed developed market peers, this time spurred by Chinese stimulus announcements. Key contributors were the CSI 300 (+17.9%) and Hang Seng (+21.7%). The S&P/ASX 200 (+7.8%) had a productive quarter, boosted by China's policy announcements.

Quarterly video update

Click below for a quarterly video update, provided by Co-Portfolio Manager, Max Casey.

The views expressed herein are part of a wider portfolio investment strategy and should not be considered in isolation.

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Portfolio commentary

The Core Growth Portfolio (Portfolio) returned +4.4% for the quarter, resulting in strong outperformance above the Portfolio's stated return objective.

The top performer was the **Fidelity Asia Fund** (+9.2%) which benefitted from an improvement in economic conditions in the region and significant policy announcements. This was a new position in the Portfolio which we initiated towards the end of the quarter. The fund has significant overweight positions in Hong Kong and Chinese listed equities, which boded well for the strategy after the Chinese government announced a slew of stimulus packages aimed at promoting domestic consumption and supporting its property sector. We maintain a positive outlook on the Asia-Pacific region and expect further tailwinds from China over the next quarter as policymakers and officials pursue an aggressive growth target of +5% annual GDP growth.

Our position in the **Greencape Broadcap Fund** (+7.9%) was also a major contributor to performance, given the solid breadth of returns observed across the Australian equity market. Greencape adopts an 'all-cap' investment approach which allows it to allocate across large, mid and small-cap companies in Australia, as well as some offshore listed names. Domestically, the S&P/ASX MidCap index (+9.9%) outperformed both small and large caps in Australia. The diversified positioning of the Greencape strategy enabled it to perform well against this backdrop with contributions coming from mid-caps in the Materials and Consumer Discretionary sectors.

We also observed strength in the **Neuberger Berman Global High Yield Fund** (+7.3%). The fund has significant exposure to US high yield bonds (circa 60% of the portfolio) where primary and secondary market activity continues to prove resilient, and borrower fundamentals remain in solid shape thanks to buoyant economic conditions. Whilst we have seen a significant contraction in credit spreads this year, we are still attracted to the asset class and fund and believe it offers attractive risk-adjusted returns, particularly relative to other international fixed-income investments.

The worst performing strategy for the Portfolio was the **Fidelity Global Emerging Markets Fund** (-5.2%). The strategy suffered from overweight positions in Chinese consumer and technology stocks. We have since exited this position after a prolonged period of underperformance from its portfolio manager, replacing it with the Fidelity Asia Fund.

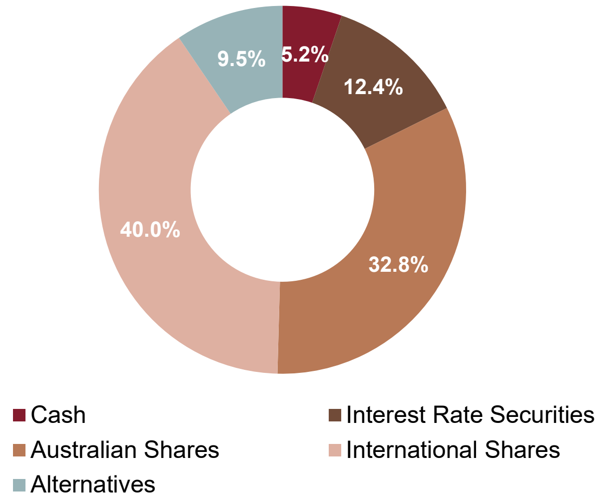
Looking forward, we retain a slight defensive tilt within the Portfolio's asset allocation, with Australian Shares and Alternatives at underweight. We recently moved our underweight position in International Shares back to neutral in response to a stronger than expected US economy, while we are overweight both Cash and Interest Rate Securities. Whilst we maintain a positive outlook for equities, particularly in a falling interest rate environment, we are cognisant of stretched valuations and the potential for near-term volatility given heightened by geopolitical tensions and an impending US election.

Top and bottom performers

Top 3	Return
Fidelity Asia Fund	9.2%
Greencape Broadcap Fund	7.9%
NB Global High Yield Fund	7.3%
Bottom 3	**Return**
Fidelity Global Emerging Markets Fund	-5.2%
CC Sage Capital Absolute Return Fund	0.2%
iShares Core Cash ETF	1.1%

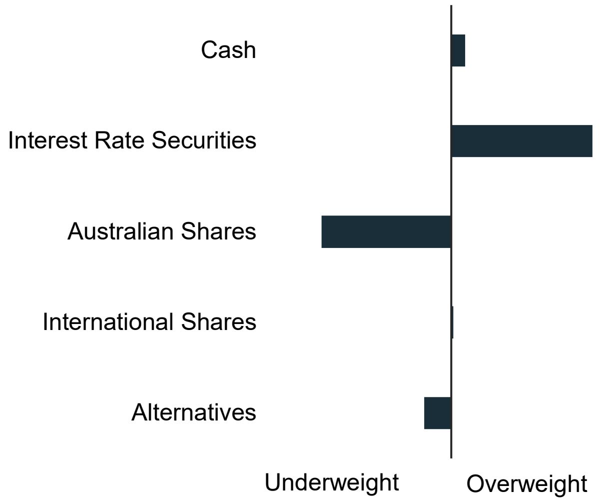
Source: Evans & Partners

Current asset allocation



Source: Evans & Partners

Portfolio Positioning: Tactical Allocation



Source: Evans & Partners

Manager In Focus

Neuberger Berman Global High Yield Fund (ETL9987AU)

About the fund

The **Neuberger Berman Global High Yield Fund (Fund)** is an actively managed credit fund that invests in non-investment grade credit opportunities across international markets.

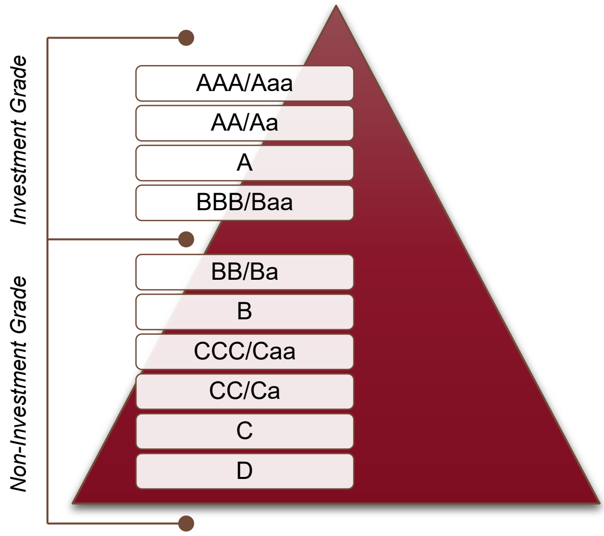
The Fund seeks to provide investors with consistent, monthly distributions and capital protection by minimizing defaults. This is achieved through a diligent investment approach that targets high-yielding, value-accretive opportunities that avoid credit deterioration. The Fund provides global diversification across a US$3tn market, with investments spread across industries, credit quality and issuers. The strategy is managed by Neuberger Berman's team of 5 seasoned portfolio managers, supported by a research team of over 50 investment professionals.

Investment return (since portfolio purchase date)	+13.2%
Management fee p.a.	0.85%
Strategy inception date	Sep 2018
Fund size (AUD)	$711.4m
Number of holdings	875
Distribution Frequency	Monthly
Target Return	ICE BofA Global High Yield Constrained Index (AUD 100% Hedged)

What is high yield credit?

High yield credit refers to issued credit that does not fall under the category of 'investment grade'. For credit to be classified as investment grade, it must surpass a given rating from a credit rating agency, such as S&P Global or Moody's. For S&P, investment grade credit is rated BBB or higher, which Moody's classify as Baa or above. Credit investments that rank below these ratings are known as 'high yield' or 'non-investment grade' credit and are considered to have speculative elements which can be subject to substantial credit risk.

Whilst high yield credit is riskier on the capital structure relative to other credit and fixed income investments, it can provide lucrative investment opportunities and remains an area that is often overlooked by investors. Due to the elevated default risk of these bonds, they tend to pay significantly higher yields than their investment grade counterparts and can still be issued by reputable companies that are in a relatively healthy financial position.



Source: S&P Global, Moody's.

Why is it in the portfolio?

We have invested in the Neuberger Berman Global High Yield Fund as an attractive source of stable, monthly income for the Portfolio. The Fund's current distribution guidance is 6.25% per annum (net of fees and expenses) and it is diversified across over 500 unique issuers, offering a blend of sectors, geographic regions, and credit ratings. The fund has a yield to maturity of 6.83%, a duration of 3.4 years and an average credit quality of B+.

We retain a high-conviction in the strategy and remain attracted to Neuberger Berman's large and reputable investment team. The global high yield credit market continues to function well with demand from investors continuing to outstrip supply thanks to solid fundamentals and strong economic footing.

The views expressed herein are part of a wider portfolio investment strategy and should not be considered in isolation.

Important Information

This document has been prepared by Evans and Partners Pty Ltd (ABN: 85 125 338 785, AFSL 318 075) (Evans and Partners), who is the Portfolio Manager of the managed portfolio available through the HUB24 Managed Portfolio Service.

The information in this report is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. The information is not intended to be financial product advice or legal advice. The suitability of the HUB24 Managed Portfolio Service to your needs and the suitability of a particular Managed Portfolio option depends on your individual circumstances and objectives and should be discussed with your adviser. Potential investors must read the Financial Services Guide (‘FSG’), target market determination (‘TMD’) and HUB24 Managed Portfolio Service Product Disclosure Statement (‘PDS’), along with any accompanying materials.

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