

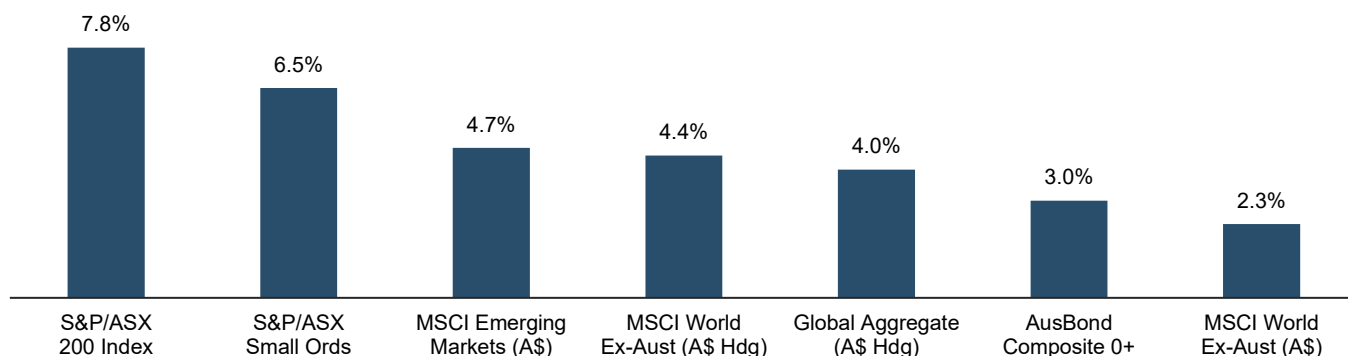
# Core Sustainable Portfolio

The Evans and Partners Core Sustainable Portfolio provides exposure to a portfolio of funds that seek to avoid investments that have a highly adverse effect on the environment or society. It also maintains a minimum 20% allocation to investments which are aligned to, and support, broad sustainability outcomes.

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 Sustainable Portfolio	3.6%	2.7%	n/a	n/a	n/a	16.4%
RBA Cash Rate + 3.0% Index	1.8%	3.6%	n/a	n/a	n/a	7.3%
<b>Outperformance</b>	<b>1.8%</b>	<b>-0.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>9.1%</b>

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

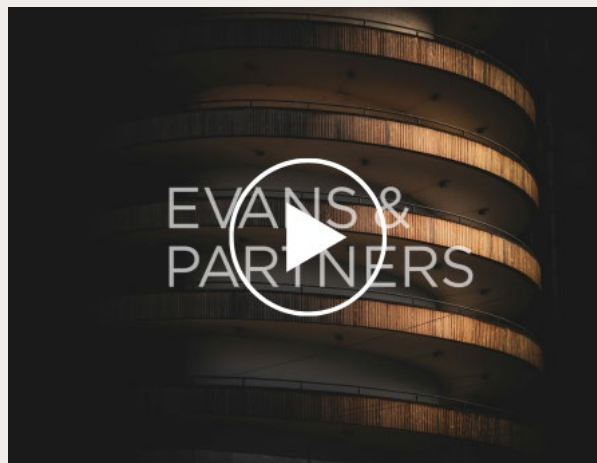
Investment markets were positive for the quarter, with strength observed across a range of growth and defensive assets.

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 Managers, Max Casey and William Hart.



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

## Portfolio commentary

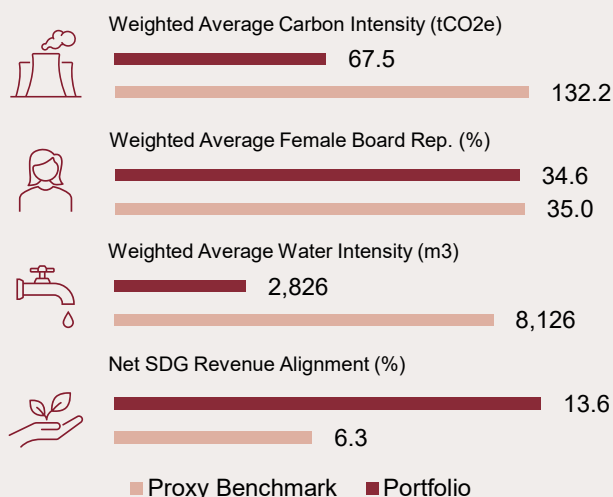
The Core Sustainable Portfolio (Portfolio) returned +3.6% for the quarter, providing solid outperformance over its return objective.

The strongest relative returns were generated by the **Ausbil Active Sustainable Equity Fund (+9.8%)**. This fund benefited from its overweight positions in IT and Real Estate and limited exposure to energy markets (as a part of its core sustainability mandate). In some notable ESG developments for that holding, Ausbil became the first Australian investor to join a key industry group lobbying for the use of 'Ethical' Artificial Intelligence. As a member of this group, Ausbil initiated engagement with Fund holding Telstra with a focus on ensuring they adopt ethical AI principles across their operations.

A key detractor for the quarter was the **Fidelity Emerging Markets Fund (-5.3%)**. The position declined with soft performance largely driven by its exposure to Chinese equities which have had a difficult 12-month period as that economy deals with several structural imbalances. During the quarter we elected to exit this position after a prolonged period of underperformance, replacing it with the Warakirri Global Emerging Markets Fund. Managed by Northcape, this strategy offers similar emerging markets exposure, but has had more stable manager tenure.

Looking forward, we retain a slight defensive tilt within the Portfolio's asset allocation, with underweights in equities offset by overweights in cash and fixed income. 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 geopolitical tensions and an impending US election. We are also conscious of the embedded beta in our equities allocation – with the portfolios focus on emerging sustainability themes leading to a bias towards smaller companies. This can increase volatility in market downturns.

## Sustainability metrics



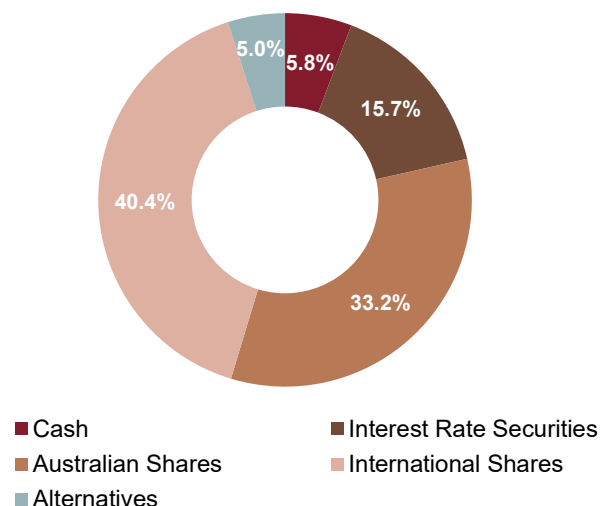
Source: Evans & Partners, Sustainalytics. Equity holdings only. Intensity calculations per \$US million revenue.

## Top and bottom performers

Top 3	Return
Ausbil Active Sustainable Equity	9.8%
Vanguard Ethically Conscious Australian Shares ETF	8.2%
Alphinity Sustainable Share Fund	7.8%
Bottom 3	Return
VanEck Global Carbon Credits ETF (Synthetic)	-8.5%
Fidelity Global Emerging Markets Fund	-5.3%
Regnan Global Equity Impact Solutions	-1.1%

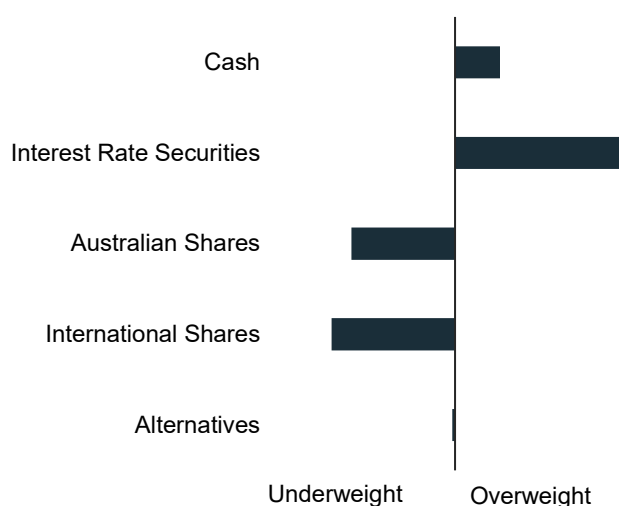
Source: Evans & Partners

## Current asset allocation



Source: Evans & Partners

## Portfolio positioning: Tactical allocation



Source: Evans & Partners

# Manager In Focus

## Nanuk New World Fund

### About the fund

The **Nanuk New World Fund** is a global equity fund that invests in listed companies exposed to the broad theme of environmental sustainability and resource efficiency.

Nanuk's approach is based on the belief that the natural tension between economic growth and environmental sustainability is resulting in long term structural changes in many industries and that these changes provide an ongoing source of investment opportunities that can be accessed through sound research.



Investment return (since portfolio purchase date)	+25.9%
Management fee (inclusive of fee discount)	1.10%
Strategy inception date	Nov 2015
Underlying strategy size	\$851m
Number of holdings	68

### Example holdings

#### Kingspan



- Kingspan is a manufacturer of high-performance insulation and building envelopes enabling buildings to reduce overall energy, carbon and water usage.
- Kingspan's main insulation products on average have a net carbon benefit ratio of 22x based on the estimated lifetime carbon savings from insulated systems relative to the carbon footprint of its value chain.

#### Sprouts Farmers Market



- Sprouts Farmers Market, Inc. (SFM) specialises in natural and organic foods, offering a diverse range of products and emphasising health-conscious offerings.
- SFM capitalises on rising consumer awareness of pesticide impacts and the shift to chemical-free products, alongside the growing preference for homecooked meals amid expensive dining options, targeting health-conscious consumers.

### Why is the fund in the portfolio?

1. The strategy focuses on companies associated with the broad themes of clean energy, energy efficiency, industrial efficiency, waste management, pollution control, food & agriculture, advanced & sustainable materials, water and healthcare technology.  
These are industries and areas we believe will benefit as resource constraints and other environmental challenges such as climate change, pollution and water scarcity result in changes to consumer demand and associated economic value.
2. The strategy is managed by a highly experienced, stable investment team with diverse backgrounds and experience. It has a long-term track record of performance with the strategy in operation since 2015 – with a strong focus on fundamental research.
3. The strategy is relatively style 'neutral' which contrasts other sustainability funds which may have a large 'growth' bias. This may provide portfolio diversification benefits.

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.

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