MARKET MATTERS
INVEST

MONTHLY REPORT | FEB 2025 | ACTIVE GROWTH

PORTFOLIO DETAILS

Model Name	Active Growth
Benchmark	S&P/ASX 200 Accumulation
Included Assets	Equities, ETFs
Portfolio Manager	James Gerrish
Annual Performance	7.55%*

OBJECTIVE

To provide an active exposure to Australian large-cap shares, with reduced volatility. Returns will be achieved through a combination of capital appreciation and income with an overall objective of outperformance of the S&P/ASX 200 Accumulation Index over the medium term, (3 years).

**Inception Date 10.05.2016*

PORTFOLIO PERFORMANCE & ACTIVTY

The Market Matters Active Growth Portfolio declined 4.93% in February, underperforming the S&P/ASX 200 Accumulation Index which fell 3.79%. The portfolio has returned -1.75% for the rolling 12 months and 8.61% per annum for 5 years.

PERIOD	1 MONTH	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	5 YEAR PA
PORTFOLIO %	-4.93	-6.20	-1.43	-1.75	6.55	7.39	8.61
BENCHMARK %	-3.79	-2.56	7.32	10.52	10.29	9.24	8.86
RELATIVE %	-1.14	-3.64	-8.75	-12.27	-3.74	-1.85	-0.25

Benchmark: S&P/ASX 200 Accumulation

The portfolio held 20 positions at the end of February with cash sitting around 7%.

A weak month for Australian and International Equities with tariff headlines and local reporting season dominating the news flow. The growth strategy struggled, weighed down by general weakness across some commodities along with stock specific events that weighed on select holdings. **Mineral Resources (MIN;-1.59%)** and **Paladin Energy (PDN; -1.00%)** were the biggest detractors, while a large $4bn capital raise from **Goodman Group (GMG; -0.43%)** weighed on A1 related holdings such as **NEXTDC (NXT; -0.50%)**.

On a more positive note, **APA Group (APA; +0.32%)** allayed market concerns about a potential capital raise at their 1H results, **Evolution Mining (EVN; +0.29%)** tested new highs on strong operational performance and gold price tailwinds while **Worley (WOR; 0.27%)** was one of the standouts in the reporting period.

We made several changes to the portfolio in February, exiting positions in CSL Limited (CSL) and Helius (HLS) post results, buying Westpac (WBC) and Goodman Group (GMG) into weakness.

We remain overweight resources with a bias for adding quality growth into market weakness. These are stocks we believe have higher long-term growth potential than average, and also have typically better balance sheets, higher returns on equity and more stable and predictable earnings. Conversely, although we added a bank holding during the month, we remain underweight the bank sector where we see valuations as being stretched relative to the potential for growth going forward.

MARKETS IN FEBRUARY

Since the start of the year, market volatility has been the dominant theme, and that trend carried through the February reporting season. In fact, UBS data showed this was the most volatile reporting season in 20 years, based on the number of outsized share price moves.

Driving this volatility has been a renewed sense of caution around the economic outlook, uncertainty over inflation and interest rates, and ongoing geopolitical risks. On top of that, tariff threats from the Trump administration have only added to market jitters, increasing the risk of stagflation due to slower growth and rising inflation.

These risks were reflected in an overall cautious tone across company guidance and outlook commentary. Earnings revisions continued to decline across most sectors through the reporting season, reflecting the pressure of higher interest rates on growth and demand.

PORTFOLIO STOCKS	
NO. OF HOLDINGS	20
ESTIMATED YIELD (%)	3.73
TOP 5 POSITIONS (% OF AUM)	32.29
TOP 10 POSITIONS (% OF AUM)	55.38

STOCK	CONTRIBUTION (%)
APA GROUP (APA)	0.32
EVOLUTION MINING (EVN)	0.29
WORLEY (WOR)	0.27
MIRVAC (MGR)	0.26
SANDFIRE RESOURCES (SFR)	0.24

STOCK	DETRACTION (%)
MINERAL RESOURCES (MIN)	-1.59
PALADIN ENERGY (PDN)	-1.00
NEXTDC (NXT)	-0.50
CSL LIMITED (CSL)	-0.46
GOODMAN GROUP (GMG)	-0.43

%	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
FY25	2.03	-1.33	7.5	-4.12	-1.76	-4.23	-4.23						**-11.07**
FY24	4.82	-1.54	-1.48	-4.76	4.70	7.58	-0.08	1.70	5.69	-1.88	0.34	-1.71	**13.38**
FY23	8.16	2.80	-5.71	3.68	7.75	-3.20	8.18	-1.93	2.08	2.63	-1.72	1.71	**24.43**
FY22	0.25	2.53	0.78	1.75	-3.49	2.72	-4.00	2.06	5.51	-2.30	-4.69	-7.70	**-6.58**
FY21	0.27	4.94	-4.10	-1.07	14.87	1.34	-0.50	3.08	0.66	4.10	1.17	2.70	**27.46**
FY20	1.21	-2.16	3.75	-1.55	0.80	0.34	2.06	-10.25	-24.12	12.66	5.30	2.02	**-9.94**
FY19	1.11	1.64	-0.77	-2.16	-1.22	-1.94	3.39	4.98	-1.00	2.39	1.72	4.41	**12.55**
CUMULATIVE													**50.23**

Many companies also flagged that high inflation is still squeezing margins, though this varies depending on how well a company can pass rising costs on to customers.

One major shift this reporting season was how the market responded to results. Over the past year, high-quality companies delivering strong numbers had been rewarded, but that changed in February. Many of the recent market leaders saw their share prices fall despite impressive earnings, as investors took profits after strong runs and increased valuations.

Meanwhile, some of the recent laggards bounced higher even on average results, driven in part by investor positioning and heavy short interest.

Overall, the ASX recorded its weakest February since 2020. The market initially rebounded to a new all-time high but trended lower as earnings reports came in.

The Reserve Bank of Australia (RBA) lowered the cash rate by 25bps to 4.10%, as expected. Governor Bullock suggested that the market may be overly optimistic about further rate cuts. Economists expect another rate cut in May, though there are risks of a shallower or prolonged easing cycle. Employment data showed strong job growth in January, with 44K jobs added, although the unemployment rate rose slightly to 4.1%. Inflation remained stable at 2.5% year-over-year for January, with trimmed mean inflation rising to 2.8%.

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