MARKET MATTERS
INVEST

MONTHLY MODEL REPORT | SEPTEMBER 2024 | ACTIVE GROWTH

PORTFOLIO DETAILS

Model Name	Active Growth
Benchmark	S&P/ASX 200 Accumulation
Included Assets	Equities, ETFs
Portfolio Manager	James Gerrish
Annual Performance	10.13%*

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 & ACTIVITY

The Market Matters Active Growth Portfolio increased by 7.5% in September, outperforming the S&P/ASX 200 Accumulation Index which increased 2.97%. The portfolio has returned 20.66% for the rolling 12 months, 21.41% per annum for 2 years and 11.48% per annum for 3 years, 3.03% per annum above its benchmark.

PERIOD	1 MONTH	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	5 YEAR PA
PORTFOLIO %	7.50	8.22	4.72	20.66	21.41	11.48	9.30
BENCHMARK %	2.97	7.79	6.65	21.77	17.54	8.45	8.37
RELATIVE %	4.53	0.43	-1.93	-1.11	3.87	3.03	0.93

Benchmark: S&P/ASX 200 Accumulation

The portfolio held 19 positions at the end of September with cash sitting elevated at around 10%. A strong month of outperformance following a relatively tough period for returns, with the portfolio holding the three strongest ASX 100 stocks during the month, namely Mineral Resources (+29.6%), Sandfire Resources (+25.6%), and South 32 (+21.8%).

We made no changes to the portfolio, having been active in prior months.

MARKET PERFORMANCE & OUTLOOK

International Equities were strong, though they generally underperformed the local market. The MSCI World Index rose +1.5%, while the S&P 500 increased +2.1% in local currency terms relative to the ASX 200's 2.97% advance. The Australian 10-year government bond yield was flat at 3.97%, contrasting to the 13 bps step down in US yields to 3.79%. Commodity prices were mixed through the month. Brent Oil fell by US$6.82 to US$71.98/bbl, whilst Iron Ore prices rose by US$10.50 to US$113.00/Mt on the back of monetary and fiscal policy moves from Chinese authorities. In precious metals, Gold has rallied as much as ~6% to a peak this month, with prices rising by US$148.05 to US$2,661.85 per ounce.

On a sector basis in Australia, the majority underperformed, however, the advance in the Material Sector +13.1% provided a significant tailwind. Elsewhere, IT +7.4% and Property +6.6% outperformed, while Utilities +2.8%, Consumer Discretionary +1.5%, Industrials +0.6%, Energy +0.1%, Communication Services -0.9%, Staples -1.7% and Healthcare -3.2% all underwhelmed.

The market enjoyed growing expectations for US rate cuts, which the Fed delivered on September 18th, cutting rates for the first time in four years by a significant 0.5%, and promised additional rate cuts between now and year-end.

Not to be outdone, the Peoples Bank of China (PBOC) finally made moves to arrest their deteriorating economy, launching a wide-ranging and aggressive stimulus package designed to improve liquidity in the financial system and support the housing market. This was a very meaningful change in policy, and we describe it as a 'whatever it takes' moment from the centralised administration.

The action was taken very favourably by investors towards China-facing equities, with resources a significant beneficiary.

Looking ahead, the looming US Presidential election will become more of a focus for markets. The expectation of a Trump victory

PORTFOLIO STOCKS	
NO. OF HOLDINGS	19
ESTIMATED YIELD (%)	3.85
TOP 5 POSITIONS (% OF AUM)	33.69
TOP 10 POSITIONS (% OF AUM)	56.02

STOCK	CONTRIBUTION (%)
BHP GROUP (BHP)	1.79
MINERAL RESOURCES (MIN)	1.58
SANDFIRE RESOURCES (SFR)	1.55
SOUTH 32 (S32)	0.98
PALADIN ENERGY (PDN)	0.76

STOCK	DETRACTION (%)
CSL LIMITED (CSL)	-0.43
WORLEY (WOR)	-0.06
HEALIUS (HLS)	-0.02

%	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
FY25	2.03	-1.33	7.5										**8.2**
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													**69.50**

MARKET PERFORMANCE & OUTLOOK (continued)

and Republican control of Congress have changed rapidly following Biden's withdrawal from the race and nomination of Vice President Kamala Harris. As the end of September, national polls slightly favored Harris while the outlook for the control of Congress remained uncertain.

With the start of the Fed's rate cutting cycle now behind us and the general pace of future cuts broadly known, the focus into Christmas will turn towards economic growth and politics. Given the volatile nature of both, it's reasonable to expect periods of elevated volatility over the coming months (but, as we saw in the September quarter, markets can still move higher even amidst increased volatility).

Starting with economic growth, expectations for aggressive US rate cuts helped investors look past some soft economic reports, especially in the labor market. However, with those rate cuts now behind us, we should expect markets to be more sensitive to any disappointing economic data, especially in the labor market.

Politics, meanwhile, will become a more direct market influence as we approach the November 5th US election. Depending on the expected and actual outcome, we could see an increase in macro and microeconomic volatility that could impact the broader markets as well as specific industries and sectors (e.g. oil and gas, renewables, financials and others). That volatility will stem from the uncertainty surrounding potential future policy changes (or lack thereof) towards important financial and economic issues such as taxes, global trade and the long-term fiscal health of the United States.

Finally, geopolitical risks remain elevated and while the war between Russia and Ukraine and the ongoing conflict between Israel, Hamas and now Hezbollah hasn't negatively impacted global markets this year, that's always a possibility and these situations must be consistently monitored as the spread of these conflicts would impact markets, regardless of any Fed rate cuts or election outcomes.

To sum up, as we start the December quarter the market does face economic, political and geopolitical uncertainties. But market performance has been very strong in 2024; momentum remains decidedly positive, and this market has proven resilient throughout the year.