



MARKET MATTERS

INVEST

MONTHLY REPORT | JAN 2025 | ACTIVE INCOME

PORTFOLIO DETAILS

Model Name	Active Income
Benchmark	RBA Cash +4%
Included Assets	Equities, Hybrids, Trusts, ETFs
Portfolio Manager	James Gerrish
Annual Performance	9.06*

OBJECTIVE

To provide a high level of regular tax-effective income with lower volatility than the underlying share market. This is achieved by actively managing a portfolio of high-yielding equities combined with ASX listed income securities that offer diversification benefits to both Australian equities and cash or term deposits.

*Inception Date 05.07.2017

PORTFOLIO PERFORMANCE & ACTIVITY

The **Market Matters Active Income Portfolio** advanced **0.92% in January**, outperforming its RBA Cash +4% Benchmark which increased 0.70%. The portfolio has returned 7.39% for the rolling 12 months, and 9.77% per annum for 3 years, 2.72% per annum above its benchmark.

PERIOD	1 MONTH	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	5 YEAR PA
PORTFOLIO %	0.92	2.49	2.95	7.39	7.67	9.77	9.73
BENCHMARK %	0.70	2.07	4.17	8.37	8.02	7.05	5.75
RELATIVE %	0.22	0.42	-1.22	-0.98	-0.35	2.72	3.98

Benchmark: RBA Cash Rate +4%

The portfolio held 19 positions at the end of January with cash sitting around 9%.

The defensive, lower volatility income strategy continues to produce solid risk adjusted returns and a high level of tax effective income.

Domestic shares and fixed income contributed positively to returns during the month, while the -8% allocation to listed property mildly detracted.

No changes were made to the portfolio during the month, having made the following changes in December; took profits on **Magellan Financial Group (MFG)** and trimmed **Commonwealth Bank (CBA)** at ~\$160, buying **ANZ Group (ANZ)** into weakness.

Magellan subsequently declined sharply post exit, following the announced departure of well-regarded head of infrastructure, Gerald Stack, while the increased weighting towards the banking sector after adding ANZ Group contributed positively to returns. Hybrid spreads widened mildly during the month from incredibly tight levels, seeing some pressure on Hybrid prices.

The portfolio is well positioned and expected to yield over 7% grossed for franking over the coming year.



MARKETS IN JANUARY

Energy, Financials, and Consumer Discretionary sectors led gains, while Real Estate rebounded as bond yields eased ahead of expected RBA rate cuts. Defensive sectors like Utilities and Consumer Staples lagged. The RBA did not meet in January, with the next meeting scheduled for February 18. Q4 headline inflation eased to 2.4% YoY from 2.8%, marking its lowest level since early 2021. The RBA's trimmed mean inflation measure dropped to 3.2%, underperforming forecasts, with market odds for a February rate cut surging to 90%.

US equities rebounded in January, reversing the previous month's losses as the S&P 500 reached record highs. Market breadth improved, with the equal-weighted S&P 500 outperforming the official index by over 70 basis points. Small caps also staged a comeback, with the Russell 2000 recouping some of its -8% December decline. Treasuries firmed, accompanied by a steepening yield curve. The Dollar Index edged 0.2% lower, with notable strength from the yen. Commodities saw gains, as gold surged 7.1% to new record highs.

Despite challenges, the broader economic picture remained resilient. Consumer and labour market strength supported optimism. In earnings, 77% of S&P 500 companies reported positive EPS surprises, and 63% exceeded revenue estimates.

The Fed left rates unchanged at 4.25–4.50% at its January FOMC meeting. The statement was hawkish, but Powell's remarks were dovish, reinforcing expectations that rate cuts are unlikely before June.

Locally, reporting season is underway, and while only early days, so far, so good from a collective sense.

PORTFOLIO STOCKS

NO. OF HOLDINGS	19
ESTIMATED YIELD (%)	5.63
TOP 5 POSITIONS (% OF AUM)	28.59
TOP 10 POSITIONS (% OF AUM)	53.21

STOCK CONTRIBUTION (%)

ANZ GROUP (ANZ)	0.38
COMMONWEALTH BANK (CBA)	0.24
FORTESCUE METALS (FMG)	0.20
SUPER RETAIL GROUP (SUL)	0.15
SMART GROUP (SIQ)	0.14

STOCK DETRACTION (%)

NATIONAL STORAGE (NSR)	-0.21
APA GROUP (APA)	-0.11
NEW HOPE CORP (NHC)	-0.11
TELSTRA GROUP (TLS)	-0.08
ANZ HYBRID (AN3PI)	-0.05

%	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
FY25	3.10	-0.54	4.41	-3.27	1.49	0.06	0.92						6.17
FY24	2.79	-0.44	0.09	-3.32	2.67	4.63	0.80	-1.45	2.36	-1.45	-0.22	1.94	8.4
FY23	4.22	0.30	-3.64	3.31	4.82	-0.07	3.49	-1.61	0.06	2.16	-2.01	2.07	13.10
FY22	0.10	3.04	0.58	-1.58	-1.31	3.01	-2.45	4.05	4.25	-0.09	-1.80	-6.54	1.26
FY21	1.16	2.22	-1.21	-0.17	9.29	1.46	0.47	0.96	2.73	2.79	1.91	2.39	24.00
FY20	1.54	-0.57	2.90	-4.54	1.16	-0.51	1.78	-3.97	-15.53	7.33	6.24	1.94	-2.23
FY19	1.35	0.76	-0.62	-3.09	-0.61	-0.40	2.42	3.92	-0.21	1.17	3.13	1.37	9.19
CUMULATIVE													59.89

DISCLOSURE

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The PDS can be found for each platform where the model portfolio is available: [PRAEMIUM](#) | [OPENINVEST](#)