



MARKET MATTERS

INVEST

MONTHLY MODEL REPORT | SEPTEMBER 2024 | EMERGING COMPANIES

PORTFOLIO DETAILS

| | |
|--------------------|--------------------------|
| Model Name | Emerging Companies |
| Benchmark | S&P/ASX Small Ords Index |
| Included Assets | Equities |
| Portfolio Manager | James Gerrish |
| Annual Performance | -6.26%* |

OBJECTIVE

To provide an active exposure to Australian emerging companies defined as all listed stocks outside the S&P/ASX 100. Returns will primarily be achieved through capital appreciation with an overall objective of outperformance of the S&P/ASX Small Ordinaries Index over 5 years.

*Inception Date 31.01.2020

PORTFOLIO PERFORMANCE & ACTIVITY

The Market Matters Emerging Companies Portfolio advanced 7.31% in September, outperforming the Small Ordinaries Accumulation Index which increased by 5.06%. The portfolio has returned 1.98% for the rolling 12 months, 5.45% per annum for 2 years and -6.26% per annum since inception, 5.69% below its benchmark.

| PERIOD | 1 MONTH | 3 MONTH | 6 MONTH | 1 YEAR | 2 YEAR PA | INCEPTION |
|--------------------|---------|---------|---------|--------|-----------|-----------|
| PORTFOLIO % | 7.31 | 0.71 | -3.89 | 1.98 | 5.45 | -6.26 |
| BENCHMARK % | 5.06 | 6.53 | 1.78 | 18.79 | 12.66 | -0.57 |
| RELATIVE % | 2.25 | -5.82 | -5.67 | -16.82 | -7.22 | -5.69 |

Benchmark: S&P/ASX Small Ords Accum Index

The portfolio held 25 positions at the end of September with cash sitting around 4%. A strong month of outperformance, though longer time frames remain soft.

We made no material changes to the portfolio during the period.



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 and Republican control of Congress have changed rapidly following Biden's withdrawal

PORTFOLIO STOCKS

| | |
|-----------------------------|-------|
| NO. OF HOLDINGS | 25 |
| ESTIMATED YIELD (%) | 2.62 |
| TOP 5 POSITIONS (% OF AUM) | 29.81 |
| TOP 10 POSITIONS (% OF AUM) | 53.76 |

| STOCK | CONTRIBUTION (%) |
|------------------------|------------------|
| CENTURIA CAPITAL (CNI) | 0.87% |
| CATAPULT GROUP (CAT) | 0.78% |
| AUSSIE BROADBAND (ABB) | 0.68% |
| AIC MINES (A1M) | 0.68% |
| ZIP CO (ZIP) | 0.59% |

| STOCK | DETRACTION (%) |
|--------------------------|----------------|
| NINE ENTERTAINMENT (NEC) | -0.01% |
| JOHNS LYNG GROUP (JLG) | -0.01% |
| CHRYSOS CORP (C79) | -0.27% |
| RED 5 (RED) | -0.28% |

| % | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD |
|-------------------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|--------|---------------|
| FY25 | -0.04 | -6.02 | 7.30 | | | | | | | | | | 1.24 |
| FY24 | -1.05 | 6.72 | 1.21 | -7.74 | 4.28 | 5.16 | -1.61 | 3.27 | 2.87 | -1.13 | 0.93 | -4.45 | 8.46 |
| FY23 | 14.20 | 2.16 | -9.70 | -0.05 | 6.55 | -3.29 | 7.51 | -5.41 | -1.94 | 2.68 | -3.95 | 0.24 | 9.00 |
| FY22 | | | | | | | -0.12 | -7.59 | 6.86 | -9.19 | -7.06 | -14.28 | -31.38 |
| CUMULATIVE | | | | | | | | | | | | | -12.68 |

MARKET PERFORMANCE & OUTLOOK (continued)

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.

DISCLOSURE

Market Matters, its employees, associates and / or contributors may hold stocks mentioned in this report.

DISCLAIMER

This report contains general advice only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. Before making any investment decision, please review the PDS and Target Market Determination available on the platform the investment is being made. Should you require assistance in determining whether an investment in the service is right for you, you may wish to seek personal advice from an appropriately licensed financial adviser.

All figures contained from sources believed to be accurate. Past performance is not an indication of future performance. Investing and trading carry financial risk, when judging performance please consider the different types of investments and levels of risk associated. Market Matters does not make any representation of warranty as to the accuracy of the figures and disclaims any liability resulting from any inaccuracy. The performance quoted is based on a model portfolio and does not include investment management, administration fees and transaction costs. The total return performance figures quoted are historical and include franking credits. Total returns assume the reinvestment of all portfolio income. Market Matters model portfolios are available on multiple platforms, and returns may vary.

Market Matters Pty Limited ABN 20 137 462 536 | Australian Financial Services Licence 488798

IMPORTANT INFORMATION TO CONSIDER: *It is important that before making a decision to invest that you read the relevant Product Disclosure Statement ("PDS"). The PDS will contain information relevant to the specific product, including the returns, features, benefits and risks.*

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