

# Enhanced Strategic Models

## Model Portfolio Summary

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# Performance (%)

As of 30/09/2024

Model	Last Month (%)	3 Month (%)	Year to Date (%)	1 Year (%)	3 Year (%)	5 Year (%)
*Conservative (15/85)	0.91	3.74	5.76	10.08	0.96	1.66
*Moderate (30/70)	1.14	3.97	7.68	12.16	2.22	3.02
*Balanced (50/50)	1.44	4.34	10.18	15.27	4.11	4.94
*Growth (70/30)	1.74	4.67	12.67	18.26	5.96	6.81
*Aggressive (85/15)	1.92	4.77	14.53	20.36	7.22	8.11
*All Growth (98/2)	1.86	4.52	14.93	20.66	-	-

Inception date for the Conservative (15/85), Moderate (30/70), Balanced (50/50), Growth (70/30), Aggressive (85/15) models are **31/01/2015**. Inception date for the All Growth (98/2) model is **8/09/2022**.

Performance figures represent past performance and are not indicative of future performance. Current performance may be higher or lower than that shown. Performance is estimated and net of underlying fund fees, but gross of platform fees and does not include brokerage and commissions that may be incurred in the trading of financial products within the model portfolios. Actual investment outcomes may vary. Unless otherwise stated, performance for periods greater than one year is annualised and performance calculated to the last business day of the month. The model performance shown is hypothetical and for illustrative purposes only. The performance does not represent the performance of an actual account or investment product and is not the result of any actual trading.

# PERFORMANCE COMMENTARY

As of 30/09/2024

## Market Commentary

**Markets rallied but experienced a choppy quarter:** Global equities, as measured by the MSCI All Country World Index (unhedged), finished Q3 up 2.6% driven by the start of the US Federal Reserve (Fed) easing cycle, resilient economic data, and significant government stimulus measures in China, with stocks rebounding from turmoil in early August following a surprise policy hike by the Bank of Japan and US recession concerns. Fixed income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), rose 4.0%.

**Emerging markets outperformed Developed markets:** Equity performance diverged across geographies and gains broadened out across sectors, with Emerging market equities posting strong returns following major monetary and fiscal stimulus announcements from Chinese government authorities. Meanwhile, Australian equities (as represented by the ASX 300) outperformed their developed peers, while US equities (as represented by the S&P 500) benefitted from a cut in interest rates by the Fed. Japanese equities, as represented by the Nikkei 225 Index, were an outlier and declined -3.5% in Q3 (in local currency terms), having encountered heightened volatility in early August.

**Fixed income markets moved higher:** Global bonds rose strongly over the quarter as bond yields declined alongside rate cuts by central banks across several developed economies. The Bloomberg Barclays Global Aggregate index (hedged) finished Q3 up 4.0%, while the Australian composite bond index gained 3.0% across the period. Riskier parts of the fixed income market, namely corporate credit and emerging market debt indices, also performed well over the quarter.

## Performance commentary

**Total portfolio returns were positive in Q3**, supported by the positive gains across asset classes. Developed market equities were amongst the largest positive contributors to total returns amid bullish investor sentiment, while Emerging market equities also added value. Within Developed market equities, Australian and US equities rallied strongly while Japanese equities underperformed in Q3. The exposure to hedged US equities was particularly additive over the quarter. Unhedged US equities also delivered positive returns but to a lesser extent as the appreciation of the Australian dollar offset some of the strong US equity gains. Meanwhile, the allocation to Global Listed Infrastructure, Global Listed Property and Gold further contributed positively over the quarter. Fixed income securities also delivered positive returns, with both Global and Australian bonds adding value, as the broad decline in yields pushed bond prices higher across the period.

Tactical positioning relative to the strategic asset allocation modestly detracted from performance, as the preference for US equities and Australian fixed income was offset by reduced exposure to Emerging market equities. Over the long-term horizon (including 2, 5 and 7 years), the strategy has broadly continued to outperform the Morningstar multi-sector peer group median, with both the strategic and tactical asset allocation delivering value over time.

Notes: Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. The peer group median refers to the Morningstar multi-sector peer group.

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# Latest Holdings (%)

		Allocation as of 12/11/2024						
		As of Date	*Conservative (15/85)	*Moderate (30/70)	*Balanced (50/50)	*Growth (70/30)	*Aggressive (85/15)	*All Growth (98/2)
Latest Allocation		12/11/2024	19.4/80.6	34.5/65.5	54.5/45.5	74.5/25.5	89/11	98/2
<b>Australian Equities</b>			<b>6.6</b>	<b>11.0</b>	<b>19.0</b>	<b>27.5</b>	<b>32.4</b>	<b>36.9</b>
IOZ	iShares Core S&P/ASX 200 ETF		6.6	11.0	19.0	27.5	32.4	36.9
<b>Emerging Market Equities</b>			<b>2.5</b>	<b>4.5</b>	<b>6.5</b>	<b>8.5</b>	<b>9.5</b>	<b>10.5</b>
IEM	iShares MSCI Emerging Markets ETF (AU)		2.5	4.5	6.5	8.5	9.5	10.5
<b>Developed Market Equities</b>			<b>6.8</b>	<b>14.0</b>	<b>23.0</b>	<b>31.5</b>	<b>39.6</b>	<b>42.6</b>
IEU	iShares Europe ETF (AU)		-	1.0	2.5	4.0	5.1	5.0
IHVV	iShares S&P 500 AUD Hedged ETF		1.5	3.5	5.0	7.0	9.5	9.0
IJP	iShares MSCI Japan ETF (AU)		-	1.1	1.3	1.8	2.3	2.6
IVE	iShares MSCI EAFE ETF (AU)		-	-	1.0	1.0	1.3	-
IVV	iShares S&P 500 ETF		5.3	8.4	13.2	17.7	21.4	26.0
<b>Property &amp; Infrastructure</b>			<b>3.5</b>	<b>5.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.5</b>	<b>8.0</b>
GLIN	iShares Core FTSE Global Infrastructure (AUD Hedged) ETF		3.5	4.0	4.5	5.0	5.0	5.5
GLPR	iShares Core FTSE Global Property Ex Australia (AUD Hedged) ETF		-	1.0	1.5	2.0	2.5	2.5
<b>Australian Fixed Income</b>			<b>56.4</b>	<b>46.3</b>	<b>30.3</b>	<b>15.5</b>	<b>3.5</b>	<b>-</b>
IAF	iShares Core Composite Bond ETF		42.0	33.4	20.7	9.0	1.0	-
IGB	iShares Treasury ETF		4.4	3.9	2.6	1.5	-	-
ILB	iShares Government Inflation ETF		10.0	9.0	7.0	5.0	2.5	-
<b>International Fixed Income</b>			<b>10.5</b>	<b>8.5</b>	<b>7.5</b>	<b>5.0</b>	<b>2.5</b>	<b>-</b>
AESG	iShares Global Aggregate Bond ESG (AUD Hedged) ETF		1.5	-	1.0	-	-	-
IHCB	iShares Core Global Corporate Bond (AUD Hedged) ETF		3.5	3.5	2.5	2.0	1.0	-
IHEB	iShares JP Morgan USD Emerging Markets Bond (AUD Hedged) ETF		1.5	1.0	1.0	1.0	-	-
IHHY	iShares Global High Yield Bond (AUD Hedged) ETF		4.0	4.0	3.0	2.0	1.5	-
<b>Alternatives</b>			<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>
GLDN	iShares Physical Gold ETF		3.5	3.5	3.5	3.0	3.0	-
<b>Cash</b>			<b>10.2</b>	<b>7.2</b>	<b>4.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
18357	BlackRock Cash Fund		2.5	2.5	2.5	2.0	2.0	2.0
ISEC	iShares Enhanced Cash ETF		7.7	4.7	1.7	-	-	-

Note: The BlackRock Cash Fund may be used to proxy platform cash holdings held for operational purposes.

# TRADE RATIONALE

As of 12/11/2024

On 12th November 2024, the portfolio underwent a scheduled tactical rebalance. The following summarises the key changes made in the portfolio.

## KEY TRADES

**Lean into risk assets:** Fading election uncertainty, ongoing economic resilience and positive corporate earnings are expected to provide a constructive backdrop for global markets. We add equity risk funded from more defensive assets like global fixed income.

**Re-calibrate regional equity tilts:** We continue to favour Developed markets while slightly increasing our Emerging market equity exposure closer to neutral. Relatively more favourable trading insights lead us to add to US equities over that of European and Australian equities, and we pair that with a slight increase in Emerging market equities on the back of improved earnings momentum and relatively attractive valuations.

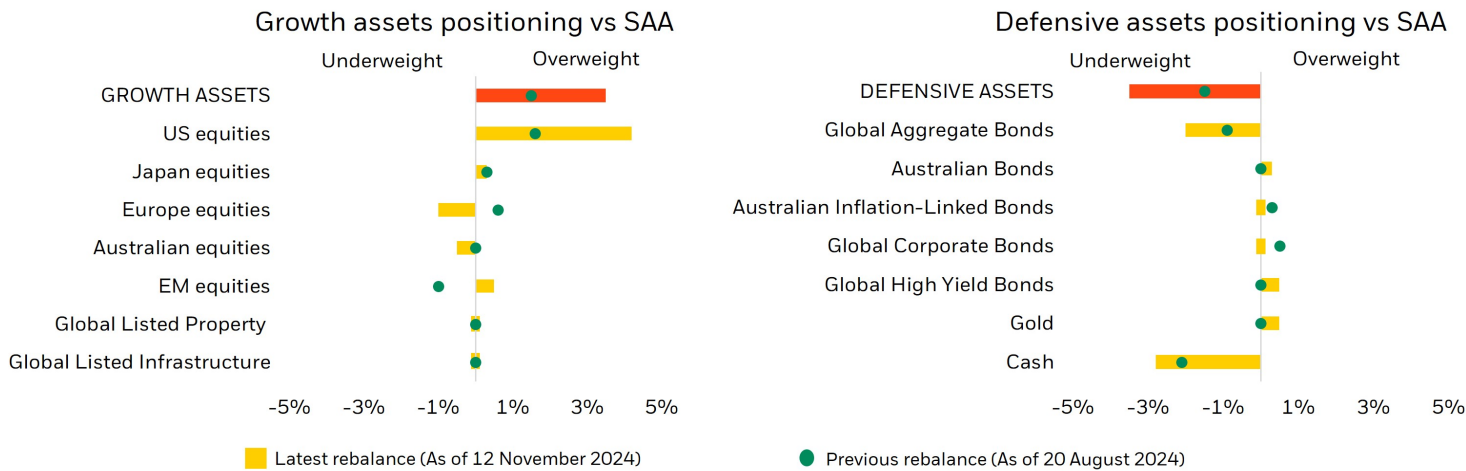
**Enhance selectivity within fixed income:** We adopt a more granular and active approach to selecting our fixed income exposures. Specifically, we trim our exposure to global bonds in expectation of higher term premia and prefer global high yield credit given ongoing economic resilience. Further disinflationary pressures also lead us to maintain a preference for Australian nominal bonds.

**Prefer Gold as a defensive alternative:** We maintain a preference for Gold over fixed income given its unique diversification characteristics and favourable supply-demand dynamics.

## LATEST TACTICAL POSITIONING (VS. SAA)

This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial professional know enough about their circumstances to make an investment decision.

PORTFOLIO POSITIONING CHANGES



Notes: The positioning changes illustrated here refer to the Balanced Model.

# Changes to Holdings (%)

Allocation as of 12/11/2024

		*Conservative (15/85)	*Moderate (30/70)	*Balanced (50/50)	*Growth (70/30)	*Aggressive (85/15)	*All Growth (98/2)
<b>Australian Equities</b>		-0.6	-0.5	-0.5	-0.5	-0.6	-1.1
IOZ	iShares Core S&P/ASX 200 ETF	-0.6	-0.5	-0.5	-0.5	-0.6	-1.1
<b>Emerging Market Equities</b>		1.5	1.5	1.5	1.5	1.5	2.0
IEM	iShares MSCI Emerging Markets ETF (AU)	+1.5	+1.5	+1.5	+1.5	+1.5	+2.0
<b>Developed Market Equities</b>		1.0	1.0	1.0	1.0	1.1	-0.9
IEU	iShares Europe ETF (AU)	-1.7	-1.4	-1.6	-1.6	-1.8	-2.8
IHV	iShares S&P 500 AUD Hedged ETF	+1.5	+1.0	+1.0	+1.0	+1.1	+1.2
IJP	iShares MSCI Japan ETF (AU)	-	-0.2	-	-	-	-0.1
IVE	iShares MSCI EAFE ETF (AU)	-	-	-	-	-	-1.4
IVV	iShares S&P 500 ETF	+1.2	+1.6	+1.6	+1.6	+1.8	+2.2
<b>Property &amp; Infrastructure</b>		-	-	-	-	-	-
GLIN	iShares Core FTSE Global Infrastructure (AUD Hedged) ETF	-	-	-	-	-	-
GLPR	iShares Core FTSE Global Property Ex Australia (AUD Hedged) ETF	-	-	-	-	-	-
<b>Australian Fixed Income</b>		0.4	0.3	-0.7	-2.0	-2.0	-
IAF	iShares Core Composite Bond ETF	-	-0.1	-0.3	-1.5	-1.5	-
IGB	iShares Treasury ETF	+0.7	+0.7	-0.1	-0.5	-	-
ILB	iShares Government Inflation ETF	-0.3	-0.3	-0.3	-	-0.5	-
<b>International Fixed Income</b>		-2.1	-2.1	-1.1	-	-	-
AESG	iShares Global Aggregate Bond ESG (AUD Hedged) ETF	-2.1	-2.1	-1.1	-1.0	-	-
IHCB	iShares Core Global Corporate Bond (AUD Hedged) ETF	-0.5	-0.5	-0.5	-	-	-
IHEB	iShares JP Morgan USD Emerging Markets Bond (AUD Hedged) ETF	-	-	-	+1.0	-	-
IHHY	iShares Global High Yield Bond (AUD Hedged) ETF	+0.5	+0.5	+0.5	-	-	-
<b>Alternatives</b>		0.5	0.5	0.5	-	-	-
GLDN	iShares Physical Gold ETF	+0.5	+0.5	+0.5	-	-	-
<b>Cash</b>		-0.7	-0.7	-0.7	-	-	-
18357	BlackRock Cash Fund	-	-	-	-	-	-
ISEC	iShares Enhanced Cash ETF	-0.7	-0.7	-0.7	-	-	-

Note: The BlackRock Cash Fund may be used to proxy platform cash holdings held for operational purposes.

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