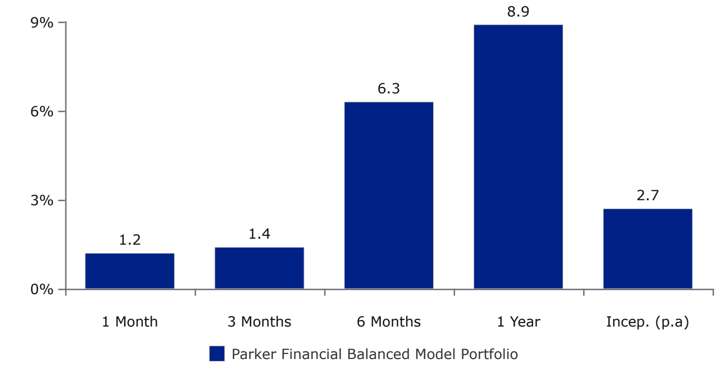
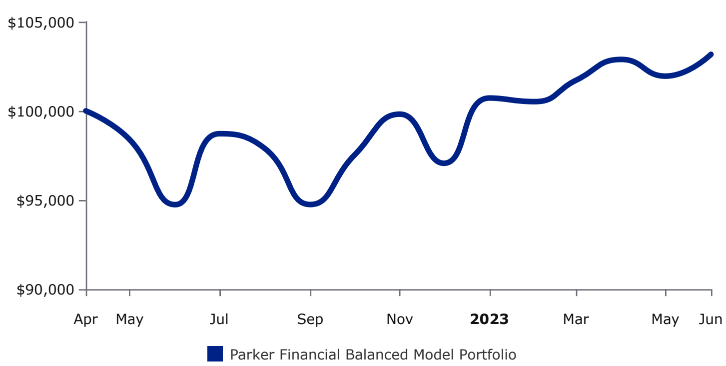
PARKER FINANCIAL BALANCED MODEL PORTFOLIO

Performance Summary



Model Inception Date: 20/04/2022 | Source data: Hub24

Investment Growth



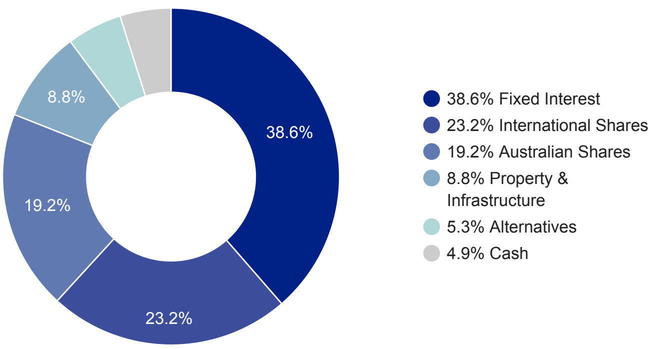
Model Inception Date: 20/04/2022 | Source data: Hub24

Executive Summary

The Parker Financial Balanced Model Portfolio recorded a solid return of 1.4% for the quarter. The June quarter provided further evidence that investment markets are beginning to build comfort around elevated inflation levels and higher-for-longer interest rates. Resilient economic data meant immediate recessionary concerns were pared back, boosting investor sentiment and pushing most global share markets up over the quarter. Another aspect of the recent rally in shares has been the concentration in outperformance in only a handful of mega-cap technology companies which stand to benefit from a boom in artificial intelligence (AI) technology. An upward revision in peak interest rates weighed on fixed interest (bond) markets as bond yields increased sharply.

Portfolio Summary

As at June 30, 2023



	Current	Target	Range
Australian Shares	19.2%	19.0%	5-35%
International Shares	23.2%	22.0%	10-40%
Property & Infrastructure	8.8%	9.0%	0-20%
Fixed Interest	38.6%	39.0%	10-65%
Alternatives	5.3%	6.0%	0-30%
Cash	4.9%	5.0%	0.5-40%

Market Review

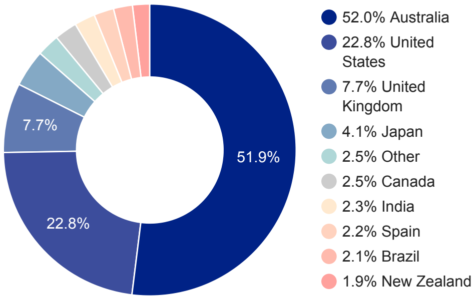
The June quarter provided further evidence investment markets are beginning to build comfort around persistent inflation and higher-for-longer interest rates. Resilient economic data meant immediate recessionary concerns were pared back, boosting investor sentiment and pushing most global share markets up over the quarter. However, an upward revision in peak interest rates weighed on fixed interest (bond) markets as bond yields increased sharply.

A faltering Chinese reopening and the renewed prospect of further RBA rate hikes weighed on the local market over the quarter, which trailed its major developed market peers. The rally in global technology companies, an underrepresented sector on the ASX, has also contributed to relative underperformance. The S&P/ASX 200 Index still made gains, finishing the quarter up +1.0%, while small companies trailed large companies — the S&P/ASX Small Ordinaries Index fell -0.5%.

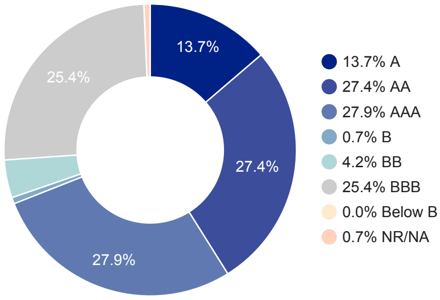
International shares enjoyed a strong quarter — the MSCI All Country World Index delivered +6.8% unhedged and +6.3% hedged. US shares (+8.7%) posted impressive gains on better-than-expected economic growth and excitement surrounding AI that drove shares in technology companies higher. The best-performing major market was Japan (+14.4%), supported by weakness in the Yen as the BoJ continued to resist the urge to lift interest rates. European shares (+3.7%) were more muted but, along with Japan, have been one of the best places to invest in 2023. In China (-9.0%), shares struggled on fading optimism following the country's initial reopening-driven rally.

A weak June dragged down fixed interest markets over the quarter. A re-pricing of peak rates was the overriding concern for investors, driving bond yields higher and bond prices lower. A spike in government bond yields was particularly severe in Australia, sending the local fixed interest composite market — the Bloomberg AusBond Composite 0+ Yr Index — down -2.9%. Global fixed interest markets fared better, with the Bloomberg Global Aggregate Hedged Index slipping -0.3%.

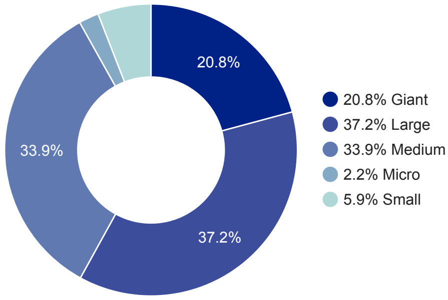
Regional Exposure



Credit Quality



Market Capitalization



Portfolio Commentary

In Australian Shares, **Evidentia Quality Growth (+2.9%)** ended the quarter well ahead of the S&P/ASX 200 TR Index (+1.0%) — primarily reflecting a rebound in several growth-focused positions and an underweight to resources which was impacted by a stalling Chinese recovery story. **Hyperion Australian Growth Companies (+2.9%)** benefited from overweight technology positions.

Although International Shares enjoyed a strong quarter at a broader market level, much of these returns were concentrated in just a handful of mega-cap technology companies — meaning not holding these big names created a significant drag on relative performance. Again, growth and quality-focused strategies outperformed value tilts. **Ironbark Royal London Diversified Global Shares (+8.4%).** Growth-focused **T. Rowe Price Global Equity (+7.3%)** had a solid quarter, while **Vanguard Global Value Equity Active ETF (+2.1%)** delivered a positive result but struggled to keep pace with the broader market as value lagged. With little exposure to the mega-cap tech movers, **Fiera Atlas Global Companies (+2.4%)** underwhelmed over the quarter. Compared with emerging markets more broadly, **GQG Partners Emerging Markets Equity (+11.2%)** had an exceptional quarter — which was due to avoiding much of the weakness in China and riding the momentum in their Indian and Brazilian exposures.

ClearBridge RARE Infrastructure Income (-0.6%) outperformed the FTSE Global Core Infrastructure 50/50 (hedged) Index but retreated on higher bond yields in absolute terms. **Resolution Capital Global Property Securities (+0.6%)** shrugged off higher rates and US commercial property concerns to end in positive territory.

Higher bond yields and a re-pricing of peak rates weighed on fixed interest markets. The spike in Australian government bond yields was particularly severe. This created headwinds for Australian government and corporate bond strategy **Western Asset Australian Bond (-2.8%)**, which ended the quarter in line with the Bloomberg AusBond Composite 0+ Y TR Index. **Yarra Enhanced Income (+0.4%)** — a standout strategy over the past 12 months — again benefited from attractive yields offered on hybrids and corporate credit. **Janus Henderson Tactical Income (+1.2%)** bucked the trend, benefiting from additional income and tighter spreads on its large investment-grade credit positions. **BetaShares Active Australian Hybrids ETF (+1.3%)** performed well with favourable yields and floating rate payment structures on hybrids less sensitive to interest rate movements.

Ruffer Total Return International (-6.0%) endured a disappointing quarter in the context of its focus on capital preservation. Weaker-than-expected performance from its growth assets — namely commodities and real economy shares — was unable to offset losses on its protection strategies designed to provide support in market drawdown scenarios.

Underlying Investments

As at June 30, 2023

	Weight	1Mth	3Mth	1Year	3 Yrs (pa)
Australian Shares	**19.2%**				
Evidentia Quality Growth Portfolio	15.1%	2.5%	2.9%	16.8%	10.8%
Hyperion Australian Growth Companies	4.1%	1.4%	2.9%	21.1%	7.3%
International Shares	**23.2%**				
Ironbark Royal London Divers Glb Sh AUnh	5.6%	3.3%	8.4%	-	-
Ironbark Royal London Divers Glb Sh H	5.3%	5.6%	7.7%	-	-
T. Rowe Price Global Equity I	3.7%	2.3%	7.3%	19.0%	6.4%
Vanguard Global Value Equity Active ETF	3.4%	4.2%	2.1%	17.1%	20.6%
Fiera Atlas Global Companies Fund - Class 0	3.2%	2.7%	2.4%	24.2%	8.2%
GQG Partners Emerging Markets Equity	2.0%	3.4%	11.2%	11.2%	6.7%
Property & Infrastructure	**8.8%**				
ClearBridge RARE Infrastructure Income B	5.8%	1.4%	-0.6%	-4.2%	8.2%
Resolution Capital Global Prpt Secs II	2.9%	3.0%	0.6%	-7.7%	1.1%
Fixed Interest	**38.6%**				
Western Asset Australian Bond A	13.6%	-1.9%	-2.8%	2.0%	-3.4%
Yarra Enhanced Income	8.0%	0.1%	0.4%	5.3%	4.1%
Janus Henderson Tactical Income	6.1%	0.3%	1.2%	4.9%	1.1%
BetaShares Active Australian Hybrids ETF	5.1%	1.0%	1.3%	5.4%	3.1%
Vanguard Global Aggregate Bd Hdg ETF	2.9%	-0.4%	-0.5%	-1.6%	-4.6%
CC JCB Dynamic Alpha A	2.9%	-0.1%	0.5%	3.0%	1.7%
Alternatives	**5.3%**				
Ruffer Total Return International Aus Z	5.3%	-0.6%	-6.0%	-3.5%	-
Cash	**4.9%**				
Vanguard Cash Reserve	3.9%	0.3%	0.9%	2.9%	0.9%
Platform Cash	1.0%	0.0%	0.0%	0.0%	0.0%

Portfolio Changes

There were several major portfolio changes during the quarter.

Walter Scott Global Equity was exited to accommodate an up-weight to **ClearBridge RARE Infrastructure Income.** Having underperformed global shares over the past 12 months, infrastructure assets should perform well given their defensive and highly predictable earnings qualities, inflation protection, less sensitivity to a potential economic slowdown, and strong underlying demand. Valuations are also supportive and attractive relative to historical averages.

In Australian Shares, we rotated out of **Yarra Australian Smaller Companies** and into large-cap strategy **Evidentia Quality Growth**. Given earnings for small-caps tend to be highly cyclical in nature, there are risks to the downside in a scenario where the economy slows. In this environment, we prefer to reallocate to the less economically-sensitive large-cap space.

Portfolio Target Weights

	Last Quarter	Change	Current Target
Australian Shares	**19.0%**	**0.0%**	**19.0%**
Evidentia Quality Growth Portfolio	12.0%	+3.0%	
Yarra Australian Smaller Companies	3.0%	-3.0%	
International Shares	**25.0%**	**-3.0%**	**22.0%**
Walter Scott Global Equity Fund	3.2%	-3.2%	
Property & Infrastructure	**6.0%**	**+3.0%**	**9.0%**
ClearBridge RARE Infrastructure Income B	3.0%	+2.9%	
Fixed Interest	**39.0%**	**0.0%**	**39.0%**
Alternatives	**6.0%**	**0.0%**	**6.0%**
Cash	**5.0%**	**0.0%**	**5.0%**

*Actual floating weights vary from weights depending on market conditions

Evidentia Direct Equities Commentary

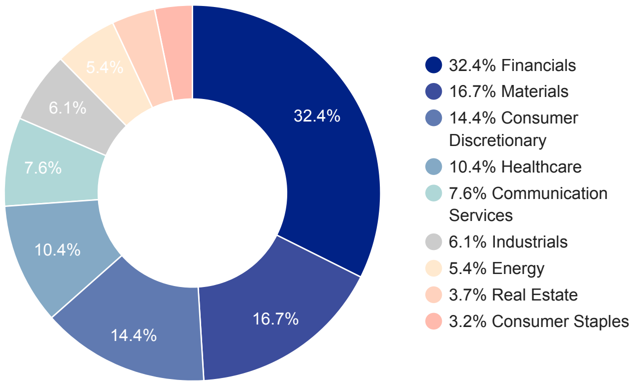
The Evidentia Quality Growth model portfolio saw a net gain (after fees) of +2.9% for the June quarter, ahead of the +1.0% gain for the S&P/ASX 200. This outperformance primarily reflected a rebound in several of our growth-focused holdings and a relative underweight position in resource stocks. For the 2022/23 financial year the portfolio returned +16.8%, above the +14.8% total return for the S&P/ASX 200. The Evidentia Quality Growth model portfolio has generated a net annualised return of +22.5% per annum for investors since its March 2020 inception, comfortably ahead of the +17.3% p.a. gain for the benchmark over the same period.

Stronger contributors to overall model portfolio performance during the June quarter were **James Hardie Industries** (+24.9%), **Pinnacle Investment Management** (+27.1%), **NIB Holdings** (+19.9%), **AUB Group** (+15.3%) and **Carsales.com** (+7.6%). Of model portfolio holdings, weaker contributors to overall returns during the quarter were **IDP Education** (-19.1%), **BHP Group** (-4.7%), **Ramsay Health Care** (-15.4%), **Amcor** (-11.0%) and **CSL Ltd** (-3.8%).

Top 10 Holdings

BHP Group Ltd	7.87%
CSL Ltd	5.37%
Commonwealth Bank of Australia	5.32%
Woodside Energy Group Ltd	5.22%
James Hardie Industries PLC	5.16%
Macquarie Group Ltd	5.14%
Aristocrat Leisure Ltd	4.27%
ANZ Banking Group Ltd	4.18%
carsales.com Ltd	3.93%
AUB Group Ltd	3.68%

Sector Exposure



Significant Contributors

James Hardie Industries (JHX), +24.9%

Having endured a painful sell-off across the course of 2022 as increasing interest rates dented confidence in the residential construction sector globally, James Hardie has been one of the first cyclicals to respond to economic green shoots this year. Despite flagging soft conditions for the remainder of calendar 2023, the stock bounced nearly 10% off the back of the company's 4 quarter result in May, as a strong cashflow and margin performance impressed analysts. In recent weeks the newsflow has remained broadly positive, with improving home builder confidence, a jump in new home purchases, and increasing foot traffic at display suites. It appears US buyers have quickly come to grips with higher monthly repayments on a new mortgage, whilst suggestions that the Fed may be at or near a peak in rates has stoked investor interest in JHX. At ~20x PE and ~16x EV/EBIT James Hardie is merely trading in line with its historical average multiples, and we remain of the view that these are attractive metrics for a high-quality business passing through trough cycle earnings.

Pinnacle Investment Management Group (PNI), +27.1%

With markets rallying over the first half of the year, and investors clamouring for leverage as expectations of moderating rate hikes became consensus, Pinnacle Investment Management was another to attract support after suffering a de-rating last year. In early May, at a broker conference, management provided some upbeat news around affiliate fund flows, and solid investment performance, highlighting the associated fee potential. The quantum of these performance fees has subsequently been clarified as $14.6m in FY23 (net to Pinnacle), down slightly from $16.6m last year, but higher than the market had penciled in a few months ago. Meanwhile, the number of affiliate strategies is up from 22 to 24, as the group seeks to diversify potential earnings streams. Pinnacle currently trades on 21.5x earnings and a 3.9% yield, and in our opinion the model offers considerable scale benefits for shareholders, particularly if the supported environment can free up managers to focus on investment performance.

NIB Holdings (NHF), +19.9%

NIB continued its strong start to the year, as supportive conditions prevail for several of the Group's core business units. In private health insurance, claims activity remains muted while customer growth remains robust. This has allowed the Group to defer premium increases again until 1 October 2023, and limit price increases to just 2.7% (the second lowest in 20 years). Guidance for policyholder growth was upgraded in May from 3-4% to 4-5%, with the 9-month figure to March tracking at 4.7%. This compares with the industry average of 2.0%. The company continues to build out its NDIS strategy, acquiring All Disability Plan Management in May, and bolting on a digital marketplace for 27,000 NDIS participants. Meanwhile, reports of a sustained lift in foreign students and workers are underpinning a rebound in the Group's international segments. At a PE of 19.4x and dividend yield of 3.5% NIB remains broadly in-line with its 10-year averages, and we remain positively disposed given management's long-term track record of execution.

Significant Detractors

IDP Education Ltd (IEL), -19.1%

IDP Education suffered a material share price fall during the quarter, following Canada's decision to allow four new players to enter the English language testing market. Up to 75% of students from the lucrative Indian market come via Student-Direct-Stream (SDS), and this channel had previously only accepted IELTS. This change represents the last of the monopoly positions that IELTS occupied in major English-speaking Commonwealth nations. When previous geographies have opened to competition, market shares of incumbents have suffered to varying degrees, but most analysts equated this change to an estimated EPS impact of ~10% p.a. beyond FY23. The stock has surrendered some of its premium PE rating (now ~32x) as analysts continued to trim forecasts. On a positive note, IDP's Student Placement business should be performing strongly, with a continued ramp-up in student visa volumes across its major destinations. This business remains the primary growth engine for IDP but we will be looking for positive signs to confirm these trends at the upcoming results.

BHP Group (BHP), -4.7%

Despite a 7% rally in June as hopes for further Chinese stimulus aided commodity prices, BHP was a negative contributor during the quarter. Most of the damage was done in April, when the iron ore price declined -18% and the company issued a production report that underwhelmed due to operational challenges. BHP completed the acquisition of Oz Minerals, and outlined plans to grow Group-wide production by 13% between FY23 and FY30. By exiting oil and doubling down on copper over the past 12 months, BHP has dramatically reshaped its portfolio towards 'future facing' commodities. Further development of the Jansen potash project will continue that trend. While analysts expect iron ore prices to trend lower in coming years, there are very plausible scenarios where BHP continues to benefit from a lack of new supply in several commodities. With low debt, a free-cash yield of almost 9% and an EV/EBITDA multiple of 5.5x, the investment case remains robust under most potential economic scenarios.

Ramsay Health Care (RHC), -15.4%

Ramsay drifted lower after a 3QFY update which was below market expectations, largely due to margin deterioration exceeding consensus estimates. Whilst surgical admissions continue to trend positively in Australia, non-surgical trends remain mixed. Ongoing labour cost and availability headwinds continue to impact the core Australian operations, while uncertainty remains around reduced Government subsidies in France. Signs of a broader recovery in the UK are more encouraging, but the immediate outlook for the Elysium mental health business is more challenging than anticipated. While the company did provide some positive news around debt refinancing and a potential sale process for its Asian JV, analysts have continued to trim their forward earnings expectations. We continue to look towards FY25 as a more 'normal' year to base our valuation (~20.5x). Whilst preferring to see a more rapid pace of recovery, we remain confident that an improving outlook over the next 2-3 years will drive solid gains for more patient shareholders.

Performance Disclaimer: The performance numbers represent estimates for Model Portfolio performance. The Model Portfolio is a notional portfolio, and these returns will differ from the returns experienced by individual clients. Performance numbers are net of fees and rebates and are before tax. Please refer to the PDS for the indices that comprise the Model Portfolio's benchmark. Any Peer Group information is a median of nominated peers within the Model Portfolio's risk profile and style.

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