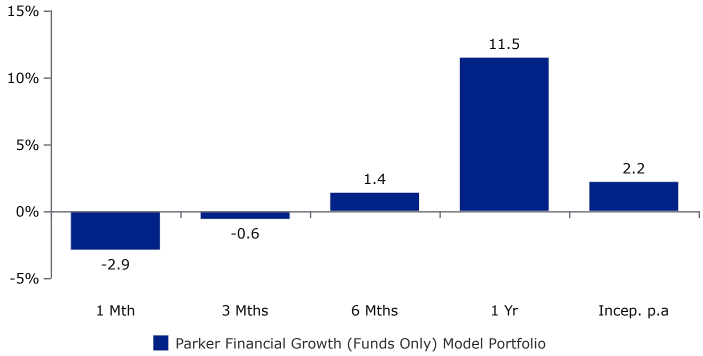
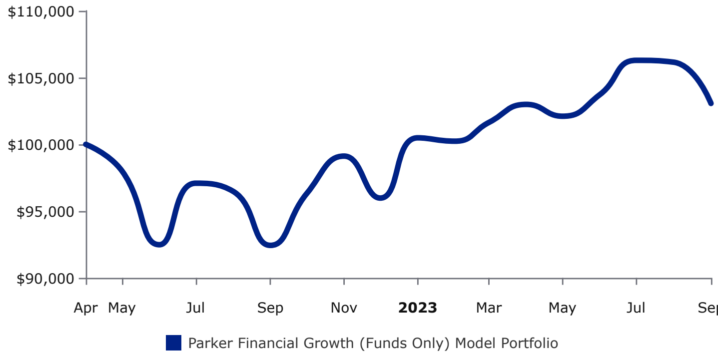
PARKER FINANCIAL GROWTH (FUNDS ONLY) MODEL PORTFOLIO (PWM004)

Performance Summary



Model Inception Date: 01/05/2022 | Source data: Hub24

Investment Growth



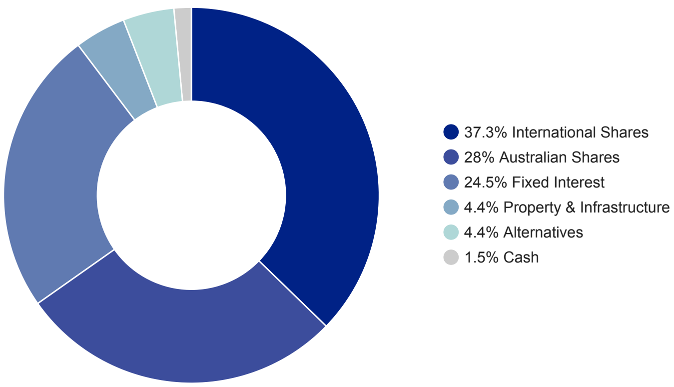
Model Inception Date: 01/05/2022 | Source data: Hub24

Executive Summary

The Parker Financial Growth (Funds Only) Portfolio recorded a negative return of -0.6% for the quarter and held up well relative to its peer group. Fixed interest (bond) and share markets weakened in the quarter on concerns that major global economies were showing greater resilience than anticipated and inflation could be more persistent, resulting in an expectation that interest rates would remain higher for longer. Despite reasons to be cautious in the current environment, pockets of value are now emerging in shares, and higher bond yields should set the scene for better future returns in fixed interest.

Portfolio Summary

As at September 30, 2023



	Current	Neutral	Range
Australian Shares	28.0%	30.0%	15-45%
International Shares	37.3%	34.0%	20-50%
Property & Infrastructure	4.4%	6.0%	0-20%
Fixed Interest	24.5%	25.0%	0-45%
Alternatives	4.4%	0.0%	0-30%
Cash	1.5%	5.0%	0.5-35%

Market Review

Global markets were universally weaker over the quarter, with selling pressure accelerating during September as expectations of rate cuts were pushed further out, and a jump in oil prices stoked fears of a reacceleration in inflation. Bond yields increased sharply in response, triggering losses for longer-dated fixed interest (bonds) and shares.

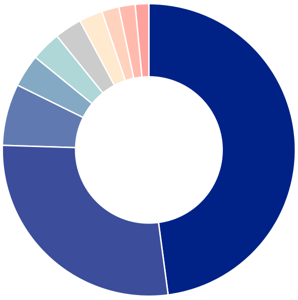
A spike in bond yields weighed heavily on Australian shares, with the S&P/ASX 200 Index slipping -0.8% after a difficult September. Most sectors went backwards. Energy, which benefited from a surge in oil prices, and consumer discretionary, which rebounded after a better-than-feared reporting season, were the standouts. More sensitive to higher interest rates, small companies fared worse, with the S&P/ASX Small Ordinaries Index falling -1.9% over the quarter.

International shares were also hit hard. The MSCI All Country World Hedged Index fell -2.7% over the quarter, with a weaker Australian dollar cushioning some of the fallout with the unhedged equivalent holding up relatively well at -0.4%. Again, performance was negative across most sectors with energy a clear winner. Information technology fell as several of the ‘magnificent seven’ megacap companies ran out of steam. US shares posted their biggest monthly percentage falls of the year in September, dragging down quarterly returns with the S&P 500 Index and Nasdaq down -3.3% and -3.9%. The UK and Japan were the only major markets to post gains over the month on weaker local currencies.

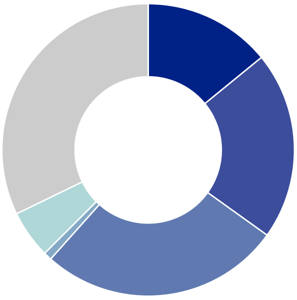
Rising interest rates and the prospect of weakening economic growth played havoc with listed property. The local S&P/ASX 200 A-REIT Index erased all the gains from the previous two months to end the quarter -2.9% lower. Global property suffered as well, with the FTSE EPRA Nareit Developed Index (Hedged) falling -5.2%. Higher rate expectations created a torrid time for infrastructure with the FTSE Global Core Infrastructure 50/50 (Hedged) Index losing -7.3%.

Bond yields jumped higher at the start of September and just kept on going, and with bond prices inversely related to bond yields, fixed interest markets endured a challenging month. The spike in yields was particularly severe for longer-dated government bonds, which pulled both local and global composite indices into negative territory for the quarter. The Australian Bloomberg AusBond Composite 0+ Yr Index retreated -0.3%, while globally, the Bloomberg Global Aggregate Bond Hedged Index dropped -2.1%.

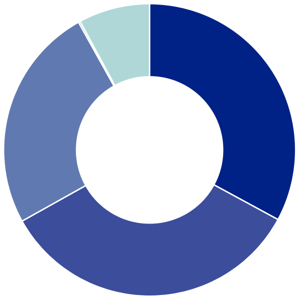
Regional Exposure



Credit Quality



Market Capitalization



Portfolio Commentary

In Australian Shares, **BetaShares Australia 200 ETF (-0.8%)** tracked the S&P/ASX 200 TR Index. **Airlie Australian Share (+1.6%)** also made impressive gains in a weak market on company-specific news. Negative company selection in financials and a large active weight in Health Care were the primary drivers of underperformance for **Hyperion Australian Growth Companies (-6.9%)**. **L1 Capital Long Short (+1.3%)** had a resilient quarter, driven by several positive company-specific updates over reporting season and tailwinds from exposure to energy.

Following a difficult end to the quarter for International Shares as bond yields surged, manager performance was mixed. In a reversal of the previous two quarters, value style outpaced growth. This helped the newly introduced **Pzena Global Focused Value (+1.9%)** which benefited from financial and energy overweights. Having little exposure to the magnificent seven again weighed on **Fiera Atlas Global Companies (-3.7%)**. **GQG Partners Emerging Markets Equity (+5.4%)** had another impressive quarter on the back of high conviction energy positions and exposure to India where shares are close to all-time highs. Diversified small-cap strategy **Yarra Global Small Companies (+0.4%)** performed very strongly outperforming both large and small caps despite relative weakness in the small-cap sector.

Exiting listed property last quarter added to relative portfolio performance as interest rate-sensitive Australian and global REITs endured a torrid September. Rising bond yields also weighed heavily on global infrastructure — **ClearBridge RARE Infrastructure Income (-9.2%)** — but the asset class continues to offer important diversification benefits if economic conditions weaken and has historically outperformed once real yields begin to taper.

In Fixed Interest, the spike in bond yields was particularly severe for longer-dated government bonds (duration) with yields on 10-year government bonds soaring to new cyclical highs. Given the inverse relationship with bond yields, bond prices went backwards. This was felt hardest in global markets but with Australian duration too — **Western Asset Australian Bond (-0.2%)** and **Vanguard Global Aggregate Bond Hedged ETF (-2.6%)**. **Yarra Enhanced Income (+3.0%)** also enjoyed a strong quarter as high-yielding hybrids and investment-grade credit rallied. While attractive yields on bank hybrids resulted in a solid quarter for **BetaShares Active Australian Hybrids (+2.4%)**.

Premature defensive positioning has hurt **Ruffer Total Return International (-1.7%)** performance throughout 2023. The strategy struggled again over the quarter, with gains from US dollar, oil, and equity put option trades not enough to offset losses in inflation-linked bonds.

Underlying Investments

As at September 30, 2023

	Weight	1Mth	3Mth	1Year	3 Yrs (pa)
Australian Shares	**28.0%**				
BetaShares Australia 200 ETF	9.0%	-2.8%	-0.8%	13.2%	11.2%
Airlie Australian Share	6.6%	-2.8%	1.6%	15.1%	13.6%
Hyperion Australian Growth Companies	6.4%	-7.9%	-6.9%	11.3%	2.1%
Yarra Australian Smaller Companies	4.0%	-4.0%	-1.1%	12.6%	-
L1 Capital Long Short - Retail	2.0%	0.9%	1.3%	22.8%	24.6%
International Shares	**37.3%**				
Ironbark Royal London Divers Glb Sh AUnh	6.4%	-3.6%	1.0%	-	-
Pzena Global Focused Value P	6.0%	-3.2%	1.9%	28.9%	-
T. Rowe Price Global Equity I	5.9%	-3.7%	-0.1%	16.0%	4.0%
Fiera Atlas Global Companies Fund - Class 0	4.8%	-6.3%	-3.7%	18.8%	4.0%
Walter Scott Global Equity Fund	4.5%	-5.1%	-3.8%	22.6%	9.1%
Ironbark Royal London Divers Glb Sh H	3.7%	-3.1%	-1.2%	-	-
GQG Partners Emerging Markets Equity	3.1%	-0.4%	5.4%	18.4%	4.5%
Yarra Global Small Companies Fund	3.0%	-2.1%	0.4%	20.8%	12.7%
Property & Infrastructure	**4.4%**				
ClearBridge RARE Infrastructure Income B	4.4%	-5.1%	-9.2%	-4.6%	3.8%
Fixed Interest	**24.5%**				
Western Asset Australian Bond A	8.2%	-1.6%	-0.2%	2.4%	-3.9%
Yarra Enhanced Income	5.1%	0.6%	3.0%	7.6%	4.7%
Janus Henderson Tactical Income	4.1%	0.0%	1.3%	5.3%	1.1%
BetaShares Active Australian Hybrids ETF	4.0%	1.2%	2.4%	4.7%	3.3%
Vanguard Global Aggregate Bd Hdg ETF	3.1%	-2.0%	-2.6%	-0.3%	-5.7%
Alternatives	**4.4%**				
Ruffer Total Return International Aus Z	4.4%	-0.6%	-1.7%	-8.9%	-
Cash	**1.5%**				
Platform Cash	1.5%	0.0%	0.0%	0.0%	0.0%

Portfolio Changes

There were several changes made during the quarter.

With discounted valuations in Value sectors like financials, energy, and materials, we have retained exposure to Value within the international shares component of the portfolio but moved from passive to an active allocation given the elevated risk of value traps — where a company's shares appear to be cheaply priced because it has been trading at low valuation metrics (e.g. price to earnings) for an extended period. This involved exiting **Vanguard Global Value Equity Active ETF** and replacing it with the active Value-strategy **Pzena Global Focused Value**.

Listed property dividend yields typically offer a healthy premium over the cash rate. Property dividend yields at or below the cash rate are now relatively unattractive, meaning better value can be found elsewhere. Therefore, we removed the global property strategy **Resolution Capital Global Property Securities** and used the proceeds to add a dedicated allocation to high-quality international small company shares through **Goldman Sachs Asset Management/Yarra Global Small Companies**. With international small companies trading at significant valuation discounts to large companies, this has provided an attractive entry point for long-term investors. Given elevated recession risks, we prefer active management in this market sector.

To increase portfolio resilience, **L1 Capital Long Short** was trimmed, and global infrastructure exposure was increased through **ClearBridge RARE Infrastructure Income**. Global Infrastructure, where valuations look reasonable, is one area that will provide earnings resilience in an economic downturn thanks to its defensive characteristics like holding long-duration assets, generating inflation-protected revenue, and limited competition.

Portfolio Weights

	Current	Last Quarter	Change
Australian Shares	**28.0%**	**29.6%**	**-1.6%**
BetaShares Australia 200 ETF	9.0%	7.8%	+1.3%
L1 Capital Long Short - Retail	2.0%	4.6%	-2.7%
International Shares	**37.3%**	**35.0%**	**+2.3%**
Pzena Global Focused Value P	6.0%	0.0%	+6.0%
Vanguard Global Value Equity Active ETF	0.0%	5.9%	-5.9%
Yarra Global Small Companies Fund	3.0%	0.0%	+3.0%
Property & Infrastructure	**4.4%**	**5.9%**	**-1.6%**
ClearBridge RARE Infrastructure Income B	4.4%	2.8%	+1.5%
Resolution Capital Global Prpt Secs II	0.0%	3.1%	-3.1%
Fixed Interest	**24.5%**	**23.5%**	**+0.9%**
Alternatives	**4.4%**	**4.4%**	**0.0%**
Cash	**1.5%**	**1.5%**	**0.0%**

*Actual floating weights vary from weights depending on market conditions

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. As the percentage numbers in this document are rounded to the nearest 0.1%, the sum of individual numbers may not always add up to 100%.

Parker Financial Services Pty Ltd ABN 88 010 783 285 is a Corporate Authorised Representative (authorised representative number 000242984) of Parker Wealth Management Pty Ltd AFSL 519344 / ABN 42 636 318 593. This document is confidential and must not be copied, either in whole or in part, or distributed to any other person. The information in this document does not take account of your objectives, financial situation or needs. Before acting on this information recipients should consider whether it is appropriate to their situation. We recommend obtaining personal financial, legal and taxation advice before making any financial investment decision. To the extent permitted by law, none of Parker Financial Services Pty Ltd, or any of their related entities accepts any responsibility for errors or misstatements of any nature, irrespective of how these may arise, nor will it be liable for any loss or damage suffered as a result of any reliance on the information included in this document.