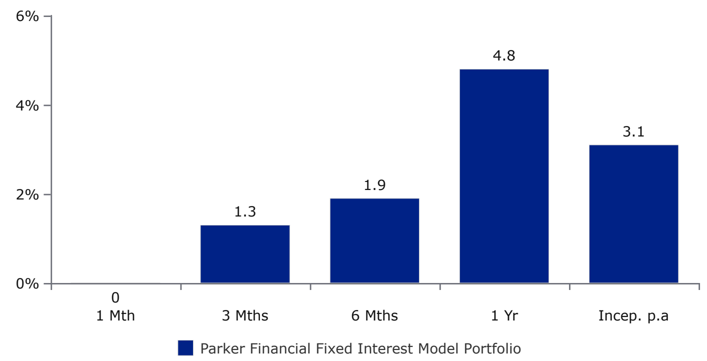
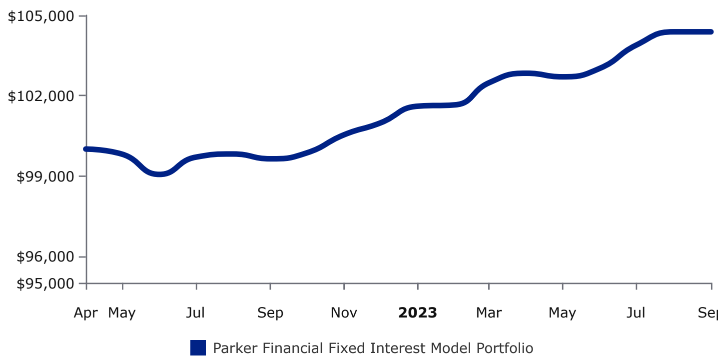
PARKER FINANCIAL FIXED INTEREST MODEL PORTFOLIO (PWM008)

Performance Summary



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

Investment Growth



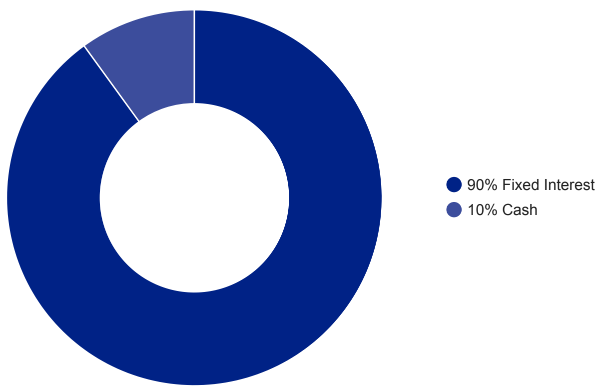
Model Inception Date: 01/05/2022 | Source data: Hub24

Executive Summary

The Parker Fixed Interest Model Portfolio recorded a solid return of +1.3% for the quarter, with the defensive characteristics of the portfolio helping performance in a challenging period for markets more generally. Fixed interest (bond) 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, higher bond yields should set the scene for better future returns in fixed interest.

Portfolio Summary

As at September 30, 2023



	Current	Neutral	Range
Fixed Interest	90.0%	90.0%	50-99.5%
Cash	10.0%	10.0%	0.5-100%

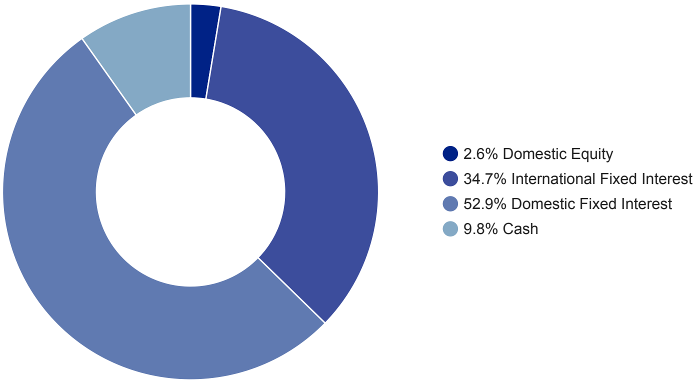
Market Review

Bond yields jumped higher at the start of September and just kept on going as investors braced themselves for an extended period of elevated interest rates. With bond prices inversely correlated to bond yields, fixed interest markets endured a challenging September, dragging the asset class into negative territory for the quarter. The Australian Bloomberg AusBond Composite 0+ Yr Index retreated -1.5% in September, leaving it -0.3% over the quarter. The sell-off in international fixed interest markets continued, with the Bloomberg Global Aggregate Bond Hedged Index down -1.8% in September and -2.1% over the quarter.

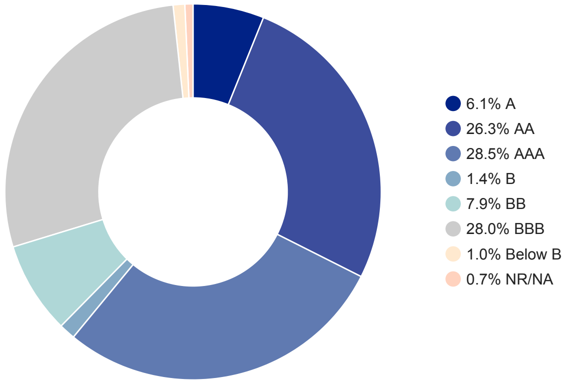
The spike in bond yields was particularly severe for longer-dated government bonds, which investors demand greater compensation to hold and are more sensitive to movements in interest rate expectations. This resulted in a sharp steepening of the Australian yield curve and a flattening of the US yield, as yields on longer-dated bonds rose at a faster rate than for shorter-term bonds. The yield on 10-year Australian Government Bonds rose 0.47% over the quarter to 4.49%, with virtually all the increase coming in September. The 2-year Australian Government Bond yield eased 0.10% to 4.10%. The 10-year US Treasury yield soared 0.73% in the three-months to a new cyclical high of 4.57%, while the 2-year US Treasury yield lifted 0.16% to 5.03%.

Rising government bond yields squeezed credit (corporate bonds) market returns, eroding the higher interest rates (coupons) on offer. Australian investment-grade credit fell -0.6% in September, but performed better than global investment-grade credit which dropped -2.3% and global high yield credit which declined -0.7%. Against the current cash rate of 4.10%, the Australian three-month bank bill swap rate (widely used to set lending rates) ended September fractionally higher at 4.14%, while longer-dated swap rates point to the possibility of one further cash rate hike.

Regional Exposure



Credit Quality



Portfolio Commentary

Fixed interest markets were mixed over the quarter. The spike in bond yields was particularly severe for longer-dated government bonds (duration) which are more sensitive to interest rate movements. But demand for shorter-dated credit (corporation bond) and cash-like money market securities offering attractive running yields, performed very well.

Janus Henderson Tactical Income (+1.3%) delivered a solid performance with overweights in floating rate and hybrid credit offsetting losses on its duration positioning. **Yarra Enhanced Income (+3.0%)** also enjoyed a strong quarter as high-yielding hybrids and investment-grade credit rallied. **BetaShares Active Australian Hybrids ETF (+2.4%)** delivered a solid performance on attractive yields on its bank-issued hybrid positions.

Returns from the portfolio's absolute return strategies — which aim to deliver attractive returns through the interest rate cycle — were positive across the board. **Ardea Real Outcome (+1.5%)** outperformed the Bloomberg AusBond Bank Bill Index (+1.1%), while **CC JCB Dynamic Alpha (+0.8%)** was close behind.

Underlying Investments

As at September 30, 2023

	Weight	1Mth	3Mth	1Year	3 Yrs (pa)
Fixed Interest	**90.0%**				
Yarra Enhanced Income	20.1%	0.6%	3.0%	7.6%	4.7%
CC JCB Dynamic Alpha A	15.9%	-0.2%	0.8%	3.3%	1.6%
Ardea Real Outcome Fund	15.3%	0.2%	1.5%	3.9%	1.8%
Janus Henderson Tactical Income	15.0%	0.0%	1.3%	5.3%	1.1%
BetaShares Active Australian Hybrids ETF	12.2%	1.2%	2.4%	4.7%	3.3%
PIMCO Income Wholesale	11.6%	-0.9%	-0.4%	5.9%	-0.2%
Cash	**10.0%**				
Vanguard Cash Reserve	9.0%	0.3%	1.1%	3.6%	1.3%
Platform Cash	1.0%	0.0%	0.0%	0.0%	0.0%

Portfolio Changes

There were no changes made during the quarter.

Portfolio Weights

	Current	Last Quarter	Change
Fixed Interest	**90.0%**	**90.0%**	**0.0%**
Cash	**10.0%**	**10.0%**	**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.

