

Quarterly Investment Update

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June 2023

AAN Asset Management Pty Ltd

Investor Letter

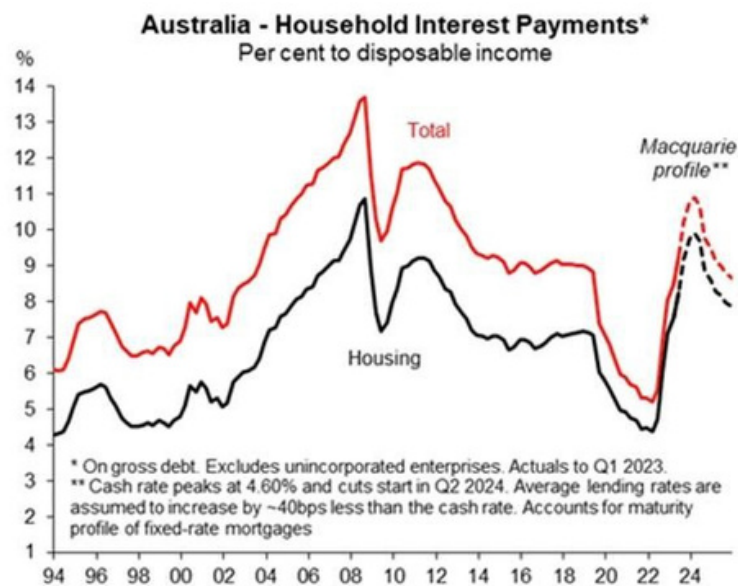
Dear Investor,

A key driver of market behaviour in the year-to-date has been the persistence of inflation and the resultant rate hikes from central banks around the globe. Whilst headline inflation has reduced across several regions, core inflation measures remain above target inflation rates for central banks. This necessitated the decision by several central banks during the June quarter to continue raising rates. The real economy continues to slow with investors looking forward to the peak in this rate hiking cycle. Equity investors have taken the rate rises in their stride, pushing headline equity markets higher through the June quarter.

Economic momentum slowed in China through the second quarter, with weaker data across industrial output, retail sales, private fixed-asset investment, and property investment. The People's Bank of China (PBOC) reduced the 7-day reverse repo rate in June by 10 basis points to 1.90%, which is their main cash rate. This was the third reduction during the current phase of economic easing, indicating some concern about China's economic recovery.

The Reserve Bank of Australia (RBA) surprised markets with a second consecutive hike to the cash rate in early June. After a pause at the April meeting, the RBA increased rates in May and June by 0.25% each to reach 4.1%. These decisions were supported by inflation data which showed a 7% increase in headline inflation in the year to 31 March, which was above consensus expectations. However, towards the end of June the Australian monthly inflation number was down to 5.6% for the 12-month period, which caused the market to pare back expectations of more hikes. The RBA meeting on July 4th resulted in a pause, keeping the cash rate at 4.1%, but with a tightening bias.

An error that led to a recession would be regarded as a smaller error than one which led to a second period of entrenched peace-time inflation
 - Former RBA Governor, Ian Macfarlane



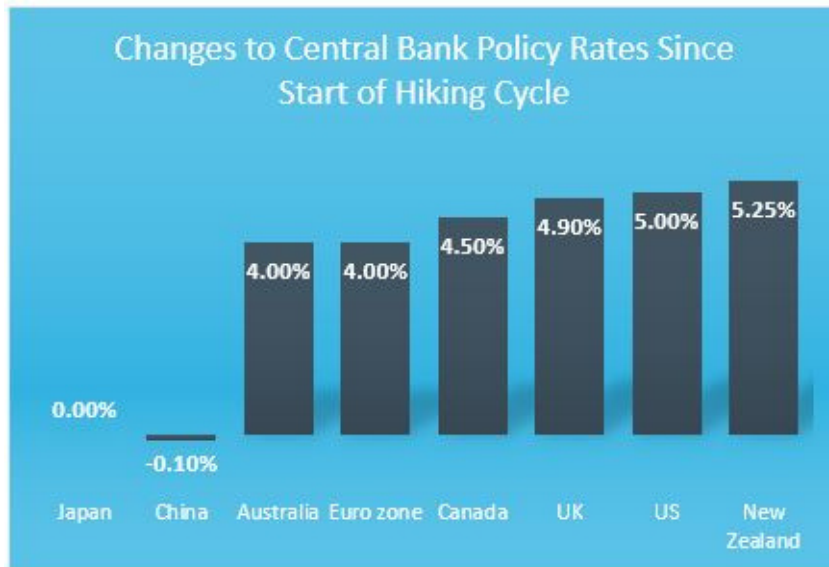
Source: ABS, Macquarie Macro Strategy

The 10-year Australian government bond yield pushed higher to more than 4% in mid-June following the RBA hikes and release of inflation data, after being as low as 3.2% earlier in the quarter. The bond yield had been tracking below the equivalent US 10-year Treasury for extended periods since early February, part of which was due to the RBA's more dovish approach compared to the US Federal Reserve (Fed) for much of this year, but also due to the Fed's pause on their cash rate in June (see further below). The higher RBA cash rate put upward pressure on the AUD, quickly appreciating by almost 4c to reach 69c against the USD in the days following the RBA's June hike.

Australian households are progressively feeling the stress from these rate rises on their finances. As the graph from Macquarie shows, the percentage of a household's disposable income being spent on total

interest (red line) has risen from around 5% at the start of 2022 to over 9% by the end of March 2023. The largest part of these interest payments is derived from housing interest payments (black line), which have risen from around 4% to 8% of disposable income.

Across the Tasman, the Reserve Bank of New Zealand (RBNZ) hiked twice over the quarter, by 0.50% in April, then a 'dovish' 0.25% hike in May, to reach 5.5%. Market participants are still undecided on what's next for the official cash rate, with some forecasting further hikes, whilst some others believe the RBNZ has done enough. The New Zealand economy entered a technical recession, with a -0.1% contraction in GDP growth for the March quarter, following -0.7% for the December 2022 quarter. The economy is on a soft footing, with current account data also released over the quarter, revealing a deficit of 8.5% against GDP. This was a slight mark down from the Q4 2022 print of 9%, which was the largest deficit since the mid-80s.



Like the RBA, the Bank of Canada (BoC) also surprised markets, increasing the key cash rate by 0.25% to reach 4.75% in June. The BoC had paused at the previous two monetary policy meetings in March and April. Headline inflation increased to 4.4% which was the first increase in ten months. Both goods and services inflation remain persistent, with the BoC also continuing its policy of quantitative tightening, having started this in April 2022.

The Bank of Japan (BoJ) went against the grain at their June meeting compared to other central banks. The BoJ kept their key policy rate unchanged at -0.1%, whilst also

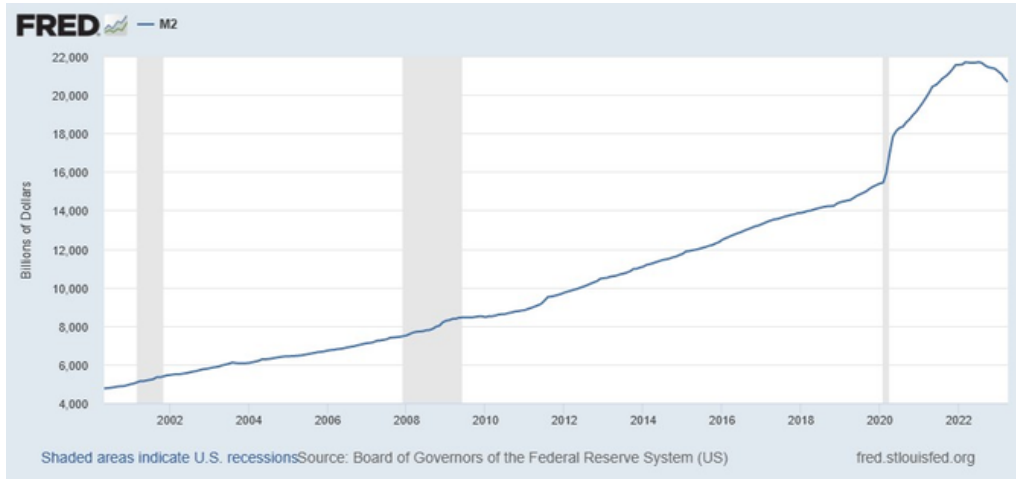
keeping the 10-year government target yield at 0.0% (around ranges of 0.5%). "At present, inflation has exceeded 2% for thirteen straight months but could fall below that level ahead. That's why we are not normalising monetary policy. But if that view changes sharply, we will have to change policy," said Governor Kazuo Ueda. The annual inflation rate to end of May declined to 3.2% which was lower than expected.

UK inflation exceeded expectations, with both headline and core measures surpassing consensus. Core inflation hit a 31-year high, reaching 7.1%, whilst headline inflation to the end of May was 8.7% for the year. This put pressure on the Bank of England before their monetary policy meeting in late June, subsequently hiking the policy rate by 0.50% to 5.0%. The Bank of England (BoE) has now raised rates at 13 consecutive meetings.

The European Central Bank (ECB) raised rates for the 8th consecutive meeting, hiking the deposit facility rate by 0.25% to 3.5% in mid-June. This is the highest it's been in 22 years. The ECB also stated that persistently high inflation virtually ensured another rate hike in late July. The ECB's decision to raise interest rates follows an underestimation of the resilience of price increases in 2022. Headline inflation to the end of June was 5.5% for the year, down from 6.1%. However, core inflation gives a clearer picture of longer-term price pressures and was up from 5.3% to 5.4%.

A meeting-to-meeting approach will be taken by the ECB given uncertainty about the transmission of rate hikes through the economy. At the ECB Forum on Central Banking in Sintra, Portugal at the end of June, Christine Lagarde, President of the ECB stated: "Uncertainty about transmission arises from the fact that the euro area has not been through a sustained phase of rate hikes since the mid-2000s and has never seen rates rise so quickly. And this raises the question of how quickly and forcefully monetary policy will be transmitted to firms – via interest-sensitive spending – and households, via mortgage payments."

Following softer headline inflation data released in mid-June, the US Federal Reserve decided to pause hiking at its June meeting, leaving the Fed Funds rate at 5.00-5.25%. However, the Fed maintained a tightening bias. Markets were anticipating the pause as the quarter progressed, with the focus subsequently moving to the Fed's July meeting. US Treasuries moved around significantly through the quarter given uncertainty on inflation data and what the Fed would do. The 10-year Treasury traded as low as 3.3% at the beginning of the quarter before rising to over 3.8% in June. Comparatively, the 2-year Treasury traded at 4% in early April before rising to almost 4.9% in June.



The inverted yield curve is one indicator signalling a recession in the US, but there are several other indicators indicating a recession too. These include the contraction in money supply over the past year (see the St Louis Fed graph, down by approximately USD 1 trillion from July 2022), the decrease in new orders from customers of manufacturing firms, the annual change in new private housing permits authorised, and the

annual percentage decrease in average weekly hours within the manufacturing sector. Furthermore, the steep rise in the Fed rate will have a lag effect, with the tightening effects still to be felt more broadly across households and corporates.

The US debt ceiling conundrum was avoided during the quarter. President Biden enacted the Fiscal Responsibility Act of 2023 in early June, which temporarily eliminated the risk of an economic disaster caused by a failure to repay the country's debts and established spending restrictions for a period of two years. This provided relief to markets after weeks of political back and forth between the Democrats and Republicans. Fiscal bargaining was at play despite the potentially devastating consequences of a default.



US equity market performance since the start of the year was driven by a narrow set of mega cap technology stocks. One measure that demonstrates this is the return of the standard S&P 500 index versus the equal-weighted S&P 500 index. The standard index is constructed using a market-cap weighted method, meaning the performance of the larger stocks in the index (Apple, Microsoft, Amazon, Nvidia, Alphabet) will drive more of the performance. For the first six months of the year the standard index returned almost 17%, compared to the equal-weighted index return of just over 7%. Further to this, the Nasdaq index (largely made up of technology stocks) returned over 37% for the first half of the year, its best return ever.

Towards the end of the quarter, Apple regained its title of the first \$3 trillion company. After briefly hitting the mark in 2022 it has climbed back over the \$3 trillion level. The next largest company, Microsoft, is roughly half a trillion dollars smaller than Apple. Part of the incredible returns in these mega cap stocks through 2023 has been the artificial intelligence thematic. This thematic has plenty of investors excited, though investors should be cognisant of how much any future growth has already been priced into stock prices.

Elsewhere in markets, a broad rise in global yields over the quarter meant global bonds were down slightly. The general sentiment during the quarter was risk-on. This is evidenced by positive returns from each of the equity indices shown in the graph above, albeit only a small positive return for the ASX 200 over the quarter.

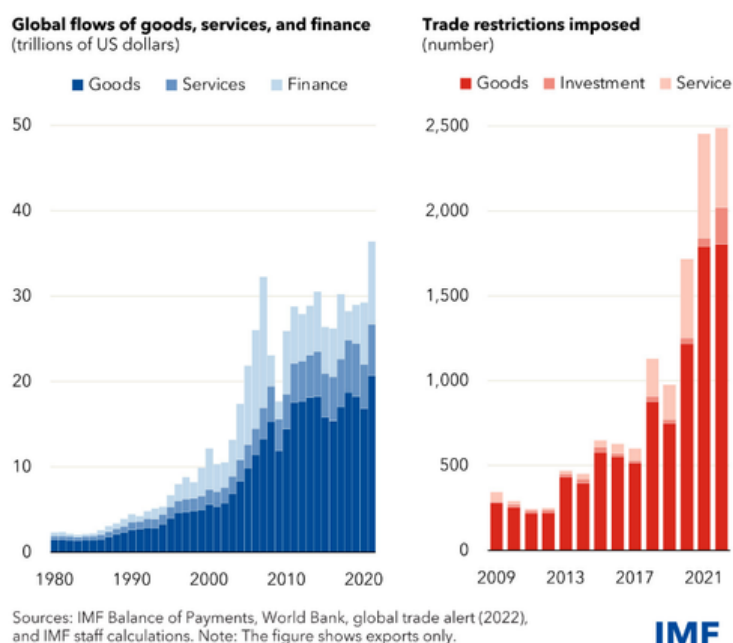
What's next?

So far in 2023 the dominant drivers of market movements have been high inflation and consequent central bank actions. What was apparent over the quarter regarding inflation and central banks is the divergence in data and resultant central bank actions. The future of inflation remains uncertain and differs among economies. Central banks are nearing the end of their hiking cycles, although the proximity to the peak varies among them. The more embedded inflation becomes, the harder it is for monetary policy to combat it, and the higher the risk of inflation remaining elevated above central bank targets. While investors try to determine where inflation and yields will settle in the next 6-12 months, uncertainty will reign, meaning elevated volatility across markets.

A broader trend making it harder for central banks to tame inflation stems from simmering geopolitical matters. In recent years, a trade policy rethink has been under way among many countries. The Russian invasion of Ukraine exacerbated this, putting a spotlight on Europe's energy supplies. The trend has also emanated from the ongoing threat of China on Taiwan and the semiconductor sector. Both the US and Japan have tightened export controls to China specifically regarding technology.

Rising restrictions

Global economic integration slowed over the past decade, while trade restrictions rose rapidly.



A more fragmented global economy will likely mean less efficiency, less trade diversification, higher costs, and lower productivity, making it harder for central banks to control inflation.

Research from the International Monetary Fund on geoeconomic fragmentation suggests: "Depending on modelling assumptions, the cost to global output from trade fragmentation could range from 0.2 percent (in a limited fragmentation/low-cost adjustment scenario) to up to 7 percent of GDP (in a severe fragmentation/high-cost adjustment scenario); with the addition of technological decoupling, the loss in output could reach 8 to 12 percent in some countries."

Attention should be paid to offshore currency exposure. In risk-off environments the AUD tends to soften and thus cushion the unrealised value of any exposure to foreign assets.

With rates currently much higher it'll provide a sturdier base for generating returns. However, where those returns come from will be less certain, and the overall market environment will become less supportive as the real economy slows. Risk management will be essential to help navigate different markets and can ultimately help achieve investment objectives.

Caution is recommended due to the ongoing risks posed by inflation to households and businesses. Tighter lending standards through 2023 are likely to remain in the near term. Ongoing pressure on corporate profits will negatively impact those companies that haven't built resilient balance sheets.

It is crucial to regularly assess the risk of investments and diligently evaluate overall portfolios. This will be essential in navigating an extended phase of market instability in 2023.

Kind regards,

The AAN Investment Committee

Economic Summary

Data from 4 July 2023

Australian unemployment

3.6% mid-quarter compared to 3.5% for the previous quarter.

3.6%

AUD/USD

67c compared to 67c at the end of the March quarter.



Australian bonds

Australian bond yields at 4.00% by quarter end up 0.76 percentage points.

4.00%

Model performance

The AAN Sustainable Growth Model was the best performing model for the quarter returning 4.70% as well as being the best performing model over the 12 month period returning 17.01%.



Annual inflation

US 4% MAY 2023 compared to 8.6% MAY 2022. AUS 5.6% MAY 2023 compared to 6.1% MAY 2022.



Equity markets

S&P500 returned +8.7% whilst the ASX200 returned +0.9% for the quarter.



Iron Ore price

Iron Ore \$114 USD/T -10.6% for the quarter.



Gold price

\$1,919 USD/oz -2.6% for the quarter.



Oil price

Brent crude \$75 USD/bbl -5.6% for the quarter. West Texas Intermediate (WTI) crude \$71 USD/bbl -6.8% for the quarter.



Volatility Index

VIX ranged between 13 and 20 over the quarter.



US yield curve

US 10Y Treasury reached 3.8% by quarter-end, with the US10Y/2Y spread at -1.04%.



AAN CORE - AC0001

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0001
Investment Fee	0.48% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.24% p.a.
Commencement	05 Feb 2016
ICR and Transaction Cost	0.57% p.a.
Indicative No. of Holdings	Unlimited

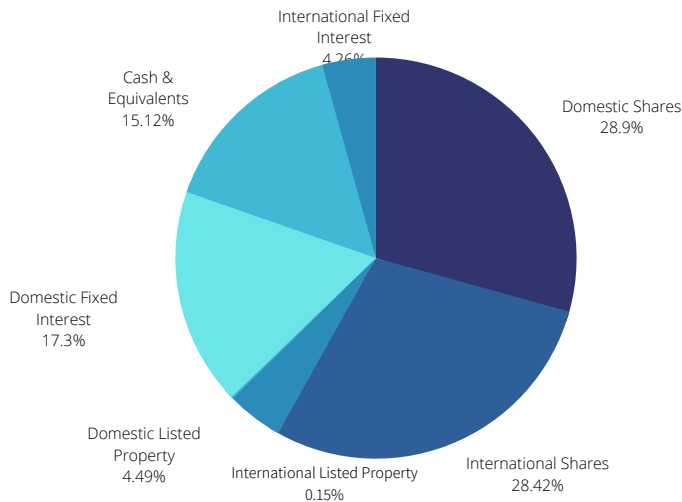
Investment description

The Core portfolio is an actively managed portfolio providing a diversified exposure with a neutral tilt towards growth asset classes (65%) relative to defensive asset classes (35%). The portfolio is constructed using a multi-manager approach which seeks to incorporate a blend of investment styles. The portfolio will generally be reweighted to its strategic weights quarterly and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The Core portfolio's investment objective is to outperform CPI by 3.0% p.a before fees over rolling 5-year periods.

Asset Allocation



Top 5 holdings

Perpetual Diversified Real Return W	19.31%
Vaneck Australian Equal Weight ETF	7.44%
Perpetual Focus Australian Share	7.37%
Vaneck MSCI International Quality ETF	7.08%
Vanguard MSCI Index International Shares (HEDGED) ETF	6.95%

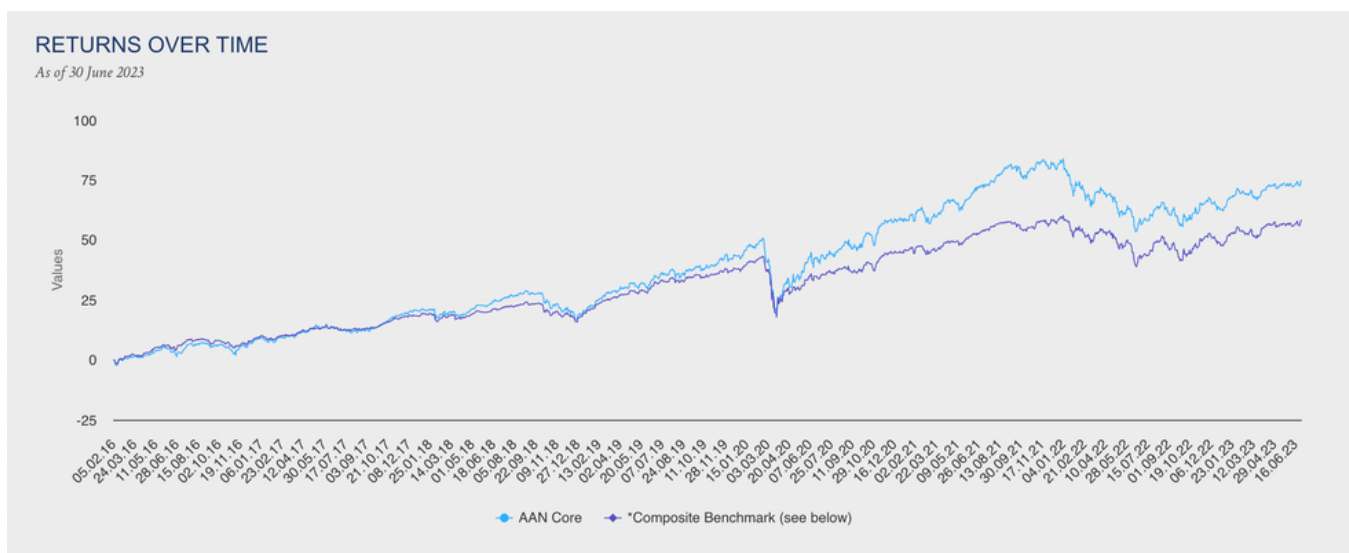
Top 5 holdings represent 48.15% of total fund

Performance

As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.29%	2.59%	7.43%	11.83%	7.32%	7.00%	7.83%

Returns over time



The Model

The material change to the portfolio this quarter was the addition of the DNR Capital Australian Equities High Conviction Strategy to replace the Bennelong Australian Equities portfolio. Other changes were limited to adjustments to benchmark allocations.

Notable Investments

International Shares (Franklin Global Growth Fund):

- During this quarter, the fund generated a return of 7.49%, slightly below the MSCI World Ex-Australia benchmark's return of 7.63%. The standout sectors that performed well were Information Technology, Industrials, and Healthcare. Regarding individual stock selection, MongoDB and Shopify stood out in the Information Technology sector, while Intuitive Surgical excelled within Healthcare. Notably, Zscaler and Tyler Technology showed strong performance in the Software category

Multi-Asset (Perpetual Diversified Real Return Fund):

- During the June quarter, the main driver of returns was the allocation to global equities, particularly in the tech sector, boosted by developments in artificial intelligence. Australian equities also positively contributed, though partially offset by costs related to the Fund's equity put options and stock selection alpha. The Fund's cash allocation was beneficial due to rate increases. However, the fixed income allocation negatively impacted returns as bond yields rose due to inflation and hawkish central bank comments. The Fund's small exposure to commodities, including Gold, suffered due to weakening Chinese demand.
- The Fund has maintained its low exposure to return seeking assets given the valuation and earnings backdrop and has a diversified range of growth assets and markets. Diversifying opportunities remain a key focus for risk management and returns. The aggressive tightening of financial conditions alongside elevated inflation and rising growth risks presents a very challenging environment for investors to navigate. The Manager's focus remains on identifying investments that can generate CPI plus 5% per annum over a five-year horizon while maintaining an asset allocation that ensures that no individual position or cluster of positions will risk the medium-term investment objective.

Performance

The AAN Core model returned 2.59% (before fees) this quarter, bringing the rolling 12-month total to 11.83% (before fees).

Over the quarter, only international fixed interest detracted from performance (-0.05%). All other asset classes made positive contributions to the portfolio over the quarter. The largest contribution came from international shares (+2.16%), followed by domestic shares (+0.37%). Domestic listed property (+0.11%) and domestic fixed interest (+0.05%) made smaller positive contributions, while cash was flat for the quarter.

For the 12-month period, all asset classes were positive contributors, led by international shares (+5.69%) and domestic shares (+4.72%), followed by cash (+0.71%), domestic fixed interest (+0.51%), and domestic listed property (+0.31%).

Key Contributors:

- VanEck MSCI International Quality ETF +0.78%
- Franklin Global Growth Fund +0.52%
- Vanguard MSCI Index International Shares (Hedged) ETF +0.48%

Key Detractors:

- BHP -0.12%
- Franklin Australian Absolute Return -0.05%
- CSL Limited -0.05%

AAN GROWTH - AC0002

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0002
Investment Fee	0.52% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.22% p.a.
Commencement	02 Sept 2016
ICR and Transaction Cost	0.45% p.a.
Indicative No. of Holdings	Unlimited

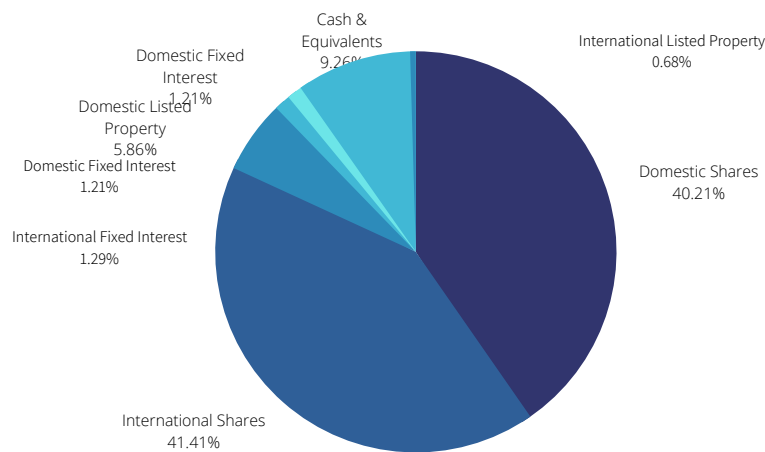
Investment description

The Growth portfolio is an actively managed portfolio providing a diversified exposure with a focus on growth asset classes (90%) relative to defensive asset classes (10%). The portfolio is constructed using a multi-manager approach which seeks to incorporate a blend of investment styles. The portfolio will generally be reweighted to its strategic weights quarterly and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The Growths portfolio's investment objective is to outperform CPI by 4.0% p.a before fees over rolling 7-year periods.

Asset Allocation



Top 5 holdings

Vanguard MSCI Index International Shares (Hedged) ETF	10.70%
Vaneck Australian Equal Weight ETF	9.57%
Perpetual Diversified Real Return W	9.56%
Vaneck MSCI International Quality ETF	9.25%
Perpetual Focus Australian Share	9.50%

Top 5 holdings represent 48.58% of total fund

Performance

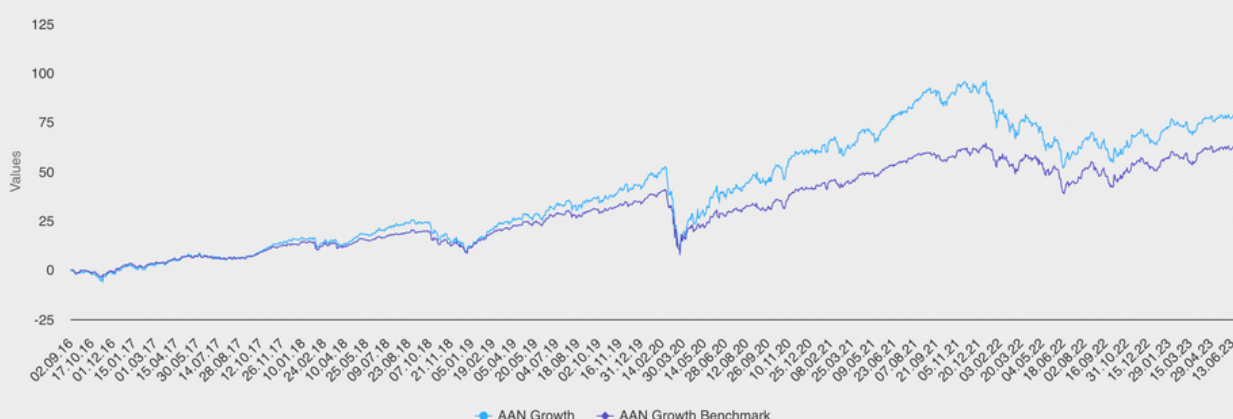
As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	2.01%	3.81%	9.79%	15.74%	9.38%	8.49%	8.49%

Returns over time

RETURNS OVER TIME

As of 30 June 2023



As at 30 June 2023

The Model

The material change to the portfolio this quarter was the addition of the DNR Capital Australian Equities High Conviction Strategy to replace the Bennelong Australian Equities portfolio. Other changes were limited to adjustments to benchmark allocations.

Notable Investments

Domestic Shares (DNR Capital Australian Equities High Conviction Strategy):

- The portfolio's allocation to the sectors of Information Technology, Materials and Industrials added to performance during the quarter, while allocation to Financials, Health Care and Consumer Discretionary detracted value overall.
- Stock selection within the sectors of Materials, Consumer Discretionary and Information Technology contributed the most to performance, while weaker selection within Health Care, Consumer Staples and Real Estate negatively impacted performance. Individual stocks that contributed most positively to the performance over the quarter included Xero (XRO), James Hardie Industries (JHX) and Computershare (CPU). Detractors to performance included Ramsay Health Care (RHC), Seek Limited (SEK) and ALS (ALQ).
- Seek Limited has underperformed, having been mired by valid concerns over macro headwinds from rising interest rates. Following a strong year for job ads, declining listings are apparent, which will impact revenues. Looking through the cycle however, the Manager sees compelling value at its current valuation, which discounts its ability to grow earnings through its monopolistic position and tremendous pricing power. The Manager continues to take advantage of macro driven volatility to selectively increase high conviction positions, and look to add names to the portfolio, where quality franchises are trading at attractive valuations.

Performance

The AAN Growth model returned 3.81% (before fees) for the quarter, bringing the rolling 12 month return to 15.74% (before fees).

The largest positive contribution to the portfolio over the quarter came from international shares (+3.23%), followed by domestic shares (+0.51%) and domestic listed property (+0.16%). Detracting asset classes included domestic fixed interest (-0.01%) and international fixed interest (-0.01%), whilst cash was flat for the quarter.

For the 12-month period, only international fixed interest detracted from performance (-0.02%). All other asset classes were positive contributors, led by international shares (+8.58%), domestic shares (+6.67%), domestic listed property (+0.44%), cash (+0.35%) and domestic fixed interest (+0.02%).

Key Contributors:

- VanEck MSCI International Quality ETF +1.04%
- Vanguard MSCI Index International Shares (Hedged) ETF +0.75%
- Franklin Global Growth Fund +0.68%

Key Detractors:

- BHP -0.15%
- CSL Limited -0.06%
- Ramsay Healthcare -0.05%

AAN Australian - AC0003

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0003
Investment Fee	0.65% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.19% p.a.
Commencement	30 Jan 2017
ICR and Transaction Cost	0.16% p.a.
Indicative No. of Holdings	Unlimited

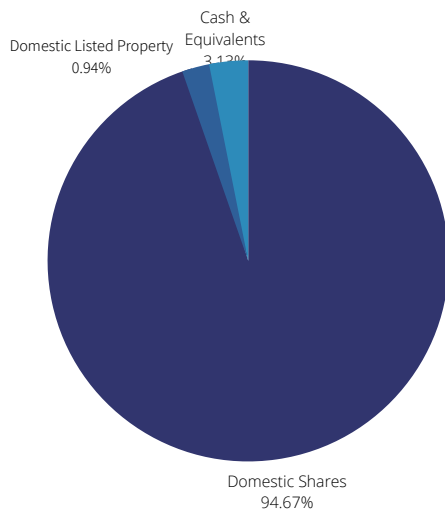
Investment description

The AAN Australian model provides exposure to an actively managed portfolio of Australian equities. The portfolio is constructed using a multi-manager approach which seeks to reduce style bias and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The AAN Australian Model's investment objective is to outperform the S&P/ASX 300 Accumulation Index before fees over rolling 7-year periods.

Asset Allocation



Top 5 holdings

VanEck Australian Equal Weight ETF	24.76%
BHP Group Limited FPO	6.38%
CSL Limited FPO	4.75%
National Australia Bank Limited FPO	3.16%
Commonwealth Bank of Australia FPO	3.10%

Top 5 holdings represent 42.15% of total fund

Performance

As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.52%	1.25%	6.62%	15.56%	9.32%	5.90%	7.75%

Returns over time

RETURNS OVER TIME

As of 30 June 2023



As at 30 June 2023

The Model

The material change to the portfolio this quarter was the addition of the DNR Capital Australian Equities High Conviction Strategy to replace the Bennelong Australian Equities portfolio. Other changes were limited to adjustments to benchmark allocations.

Notable Investments

DNR Capital Australian Equities High Conviction Strategy:

- The Manager is focused on using current volatility to buy good quality businesses, with the belief that the top-down outlook remains uncertain. The strength in wages and employment that would traditionally drive a constructive outlook are keeping upward pressure on inflation. Unless inflation is brought under control, central banks have little option but to keep raising rates until the economy cools, which could potentially drive a deeper recession. The complexity is that most investors expect a recession in the US, so some of the more economically sensitive stock prices already reflect a slowdown. The Manager sees opportunities to use this uncertainty to add to good businesses.

Perpetual Focus Australian Share Fund:

- Over the June quarter, the Fund's performance slightly lagged behind the market due to a resurgence in growth and momentum stocks, particularly those related to AI, which captivated investor interest. The major contributors to the Fund's performance were IAG and Brambles. IAG, with a +21.5% increase, benefitted from rising insurance premiums, higher interest rates leading to improved investment returns, and a renewed focus on capital management, boosting the share price. Brambles, which rose 7.3%, decided not to proceed with costly plastic pallets for Costco, reducing risks and cost burdens, while its dominant position allowed it to implement price increases to improve profitability.
- On the other hand, A2 Milk and Star Entertainment detracted from the Fund's returns. A2 Milk's share price softened but is fundamentally solid, with a strong brand presence and growing market share in China. Star Entertainment faced a short-term decline due to delays in the opening of the new Queens Wharf project in Brisbane, but the business is seen as an excellent long-term investment with substantial upside potential. Despite the setbacks, the Manager remains confident in the overall prospects of these stocks.

Performance

The model returned 1.25% (before fees) for the quarter and 15.56% (before fees) for the 12-month period.

In absolute terms, the best performing stocks through the full quarter were Fortescue Metals (+38.2% absolute return), Carsales.com (+22.2%), Wesfarmers (+21.6%), and Westpac (+21%).

For the 12-month period, notable performers in absolute terms were Fortescue Metals (+38%), Wesfarmers (+22%), and Westpac (+21%).

Key Contributors:

- VanEck Australian Equal Weight ETF +0.73%
- James Hardie Industries +0.23%
- Xero Limited +0.22%

Key Detractors:

- BHP -0.4%
- CSL Limited -0.15%
- Ramsay Healthcare -0.14%

AAN Index Core - AC0004

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0004
Investment Fee	0.30% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	24 Feb 2017
ICR and Transaction Cost	0.20% p.a.
Indicative No. of Holdings	Up to 25

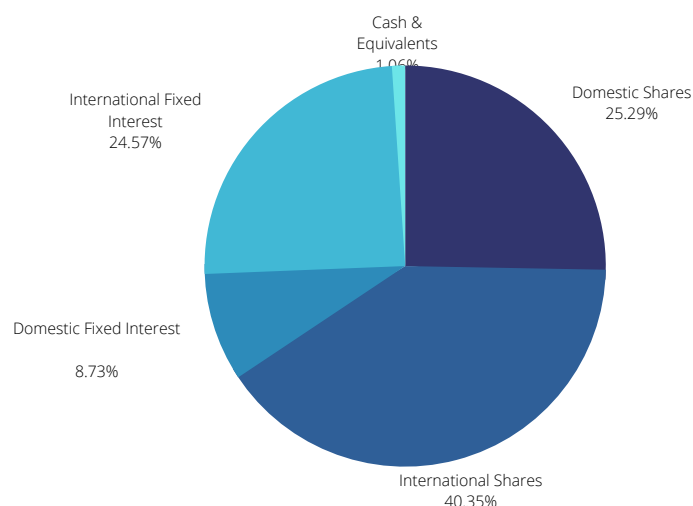
Investment description

The Index Core portfolio is an actively managed diversified portfolio which obtains exposure using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a strategic growth exposure of 65% and defensive exposure of 35%. The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

The Index Core portfolio's investment objective is to outperform CPI by 2.50% p.a before fees over rolling 5-year periods.

Asset Allocation



Top 5 holdings

Betashares Australia 200 ETF	25.29%
Vanguard Global Aggregate Bond Index (Hedged) ETF	23.50%
Vanguard US Total Market Shares Index ETF	14.18%
Vanguard MSCI Index International Shares (Hedged) ETF	12.04%
iShares Australian Bond Index	9.80%

Top 5 holdings represent 84.81% of total fund

Performance

As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.40%	2.43%	6.63%	10.14%	6.20%	6.04%	6.59%

Returns over time

RETURNS OVER TIME

As of 30 June 2023



AAN Index Core - AC0004

As at 30 June 2023

The Model

There were no material changes to the portfolio this quarter other than reweighting back to benchmark allocations.

Notable Investments

The top contributing asset over the quarter was the Vanguard US Total Market Shares Index ETF (+1.35%), followed by the Vanguard MSCI Index International Shares (Hedged) ETF (+0.82%). The only negative performers over the quarter were iShares Australian Bond Index (-0.3%) and Vanguard Global Aggregate Bond Index (Hedged) ETF (-0.16%). The top contributor by asset class was international shares (+2.65%). International shares make up ~40% of the portfolio, with ~25% in Australian shares, and ~34% in fixed interest.

Over the 12-month period the key contributor was the allocation to BetaShares Australia 200 ETF, adding 3.95% to the total portfolio return. The Vanguard US Total Market Shares Index ETF was the next top contributor (+2.94%). This was followed by the Vanguard MSCI Index International Shares (Hedged) ETF, contributing +1.92% over the year. By asset class, international shares contributed the most to the total portfolio return (+6.64%), followed by domestic shares (+3.95%) and domestic fixed interest (+0.32%). International fixed interest (-0.53%) detracted from performance over the 12-month period, reflecting the rise in yields on the back of the global central bank hiking cycles and elevated inflation.

Performance

The AAN Index Core model returned 2.43% (before fees) over the quarter which brought the rolling 12-month period return to 10.14% (before fees).

Key Contributors:

- Vanguard US Total Market Shares Index ETF +1.35%
- Vanguard MSCI Index International Shares (Hedged) ETF +0.82%
- BetaShares Australia 200 ETF +0.25%

Key Detractors:

- iShares Australian Bond Index -0.3%
- Vanguard Global Aggregate Bond Index (Hedged) ETF -0.16%

AAN Index Growth - AC0005

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0005
Investment Fee	0.30% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	22 Aug 2018
ICR and Transaction Cost	0.16% p.a.
Indicative No. of Holdings	Up to 25

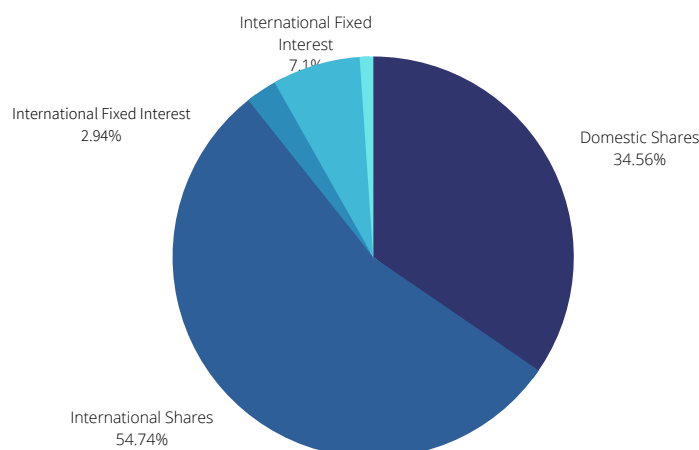
Investment description

The Index Growth portfolio is an actively managed diversified portfolio which obtains exposure by using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a higher emphasis on growth exposure (90%) relative to defensive exposure (10%). The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

The Index Growth portfolio's investment objective is to outperform CPI by 3.5% p.a before fees over rolling 5-year periods.

Asset Allocation



Top 5 holdings

BetaShares Australia 200 ETF	34.56%
Vanguard US Total Market Shares Index ETF	19.38%
Vanguard MSCI Index International Shares (Hedged) ETF	16.23%
Vanguard All-world ex-US Shares Index ETF	7.73%
Vanguard Global Aggregate Bond Index (Hedged) ETF	6.79%

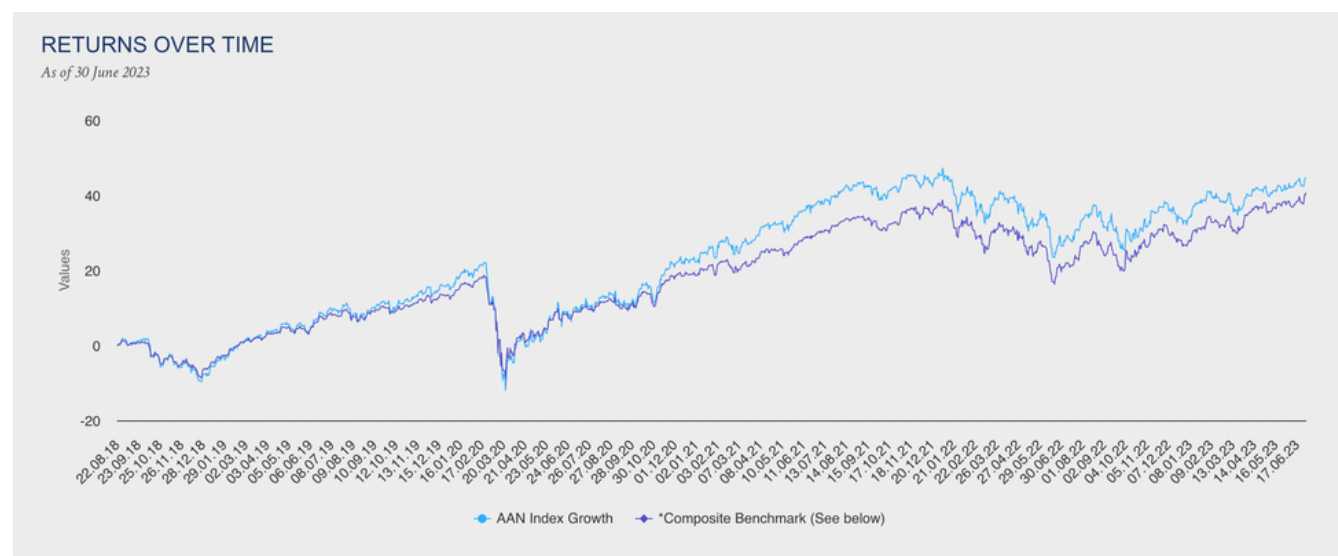
Top 5 holdings represent 84.69% of total fund

Performance

As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	2.24%	3.84%	8.58%	14.42%	10.29%	N/A	7.90%

Returns over time



AAN Index Growth - AC0005

As at 30 June 2023

The Model

There were no material changes to the portfolio this quarter other than reweighting back to benchmark allocations.

Notable Investments

The top contributing asset over the quarter was the Vanguard US Total Market Shares Index ETF (+1.88%), followed by the Vanguard MSCI Index International Shares (Hedged) ETF (+1.12%). The only negative performers over the quarter were iShares Australian Bond Index (-0.09%) and Vanguard Global Aggregate Bond Index (Hedged) ETF (-0.06%). The top contributor by asset class was international shares (+3.67%). International shares make up ~55% of the portfolio, with ~35% in Australian shares, and ~10% in fixed interest.

Over the 12-month period the key contributor was the allocation to BetaShares Australia 200 ETF, adding 5.46% to the total portfolio return. The Vanguard US Total Market Shares Index ETF was the next top contributor (+4.15%). This was followed by the Vanguard MSCI Index International Shares (Hedged) ETF, contributing +2.53% over the year. By asset class, international shares contributed the most to the total portfolio return (+9.23%), followed by domestic shares (+5.46%) and domestic fixed interest (+0.2%). International fixed interest (-0.17%) detracted from performance over the 12-month period, reflecting the rise in yields on the back of the global central bank hiking cycles and elevated inflation.

Performance

The AAN Index Growth model returned 3.84% (before fees) this quarter, bringing the rolling 12 month return to 14.42% (before fees).

Key Contributors:

- Vanguard US Total Market Shares Index ETF +1.88%
- Vanguard MSCI Index International Shares (Hedged) ETF +1.12%
- BetaShares Australia 200 ETF +0.34%

Key Detractors:

- iShares Australian Bond Index -0.09%
- Vanguard Global Aggregate Bond Index (Hedged) ETF -0.06%

AAN Sustainable Growth - AC0006

As at 30 June 2023

Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0006
Investment Fee	0.40% p.a.
Performance Fee	Nil
Less AAN Client Model Fee Discount	0.13% p.a.
Commencement	17 Dec 2020
ICR and Transaction Cost	0.62% p.a.
Indicative No. of Holdings	

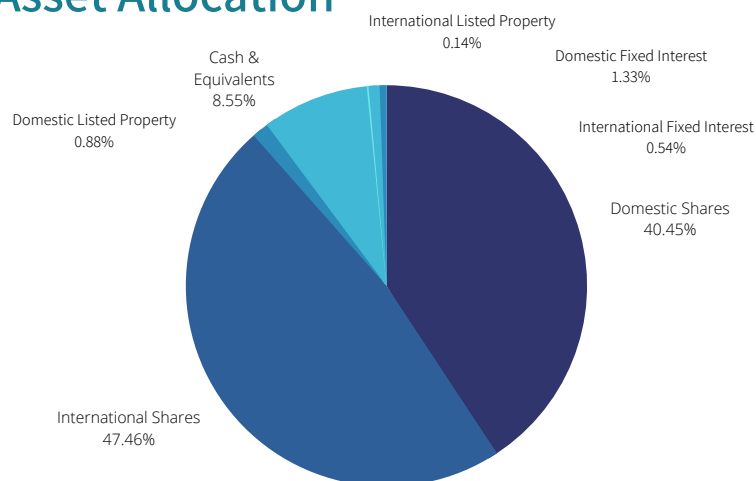
Investment description

The model caters for investors seeking a portfolio of predominantly growth assets that aligns with their preference for sustainable investments with potential for making a positive contribution to society. The model has a strategic allocation of 90% to growth assets and 10% to defensive assets via investing in managed funds, ETFs and/or Australian equity model portfolios, that will each employ their own sustainable investment approach. The overall model is managed according to the manager's Sustainable Investment Policy which seeks to avoid tobacco and tobacco products, gambling, alcohol, pornography, armaments manufacture or distribution, high impact fossil fuels and predatory lending. A company with a minor or indirect exposure to one of the sectors will not be automatically excluded, although may be subject to ongoing review by the manager.

Investment objective

The AAN Sustainable Growth Model has an objective to outperform CPI by 4% p.a before fees over rolling 7-year periods, through investing in a diversified portfolio of growth and income assets that meet the manager's ESG requirements.

Asset Allocation



Top 5 holdings

Betashares Global Sustainable Leaders ETF	15.40%
Vanguard Ethically Conscious International Shares Index ETF	15.36%
Stewart Investors Worldwide Sustainability Fund	14.83%
Betashares Australian Sustainability Leaders ETF	14.61%
Alphinity Sustainable Share	14.30%

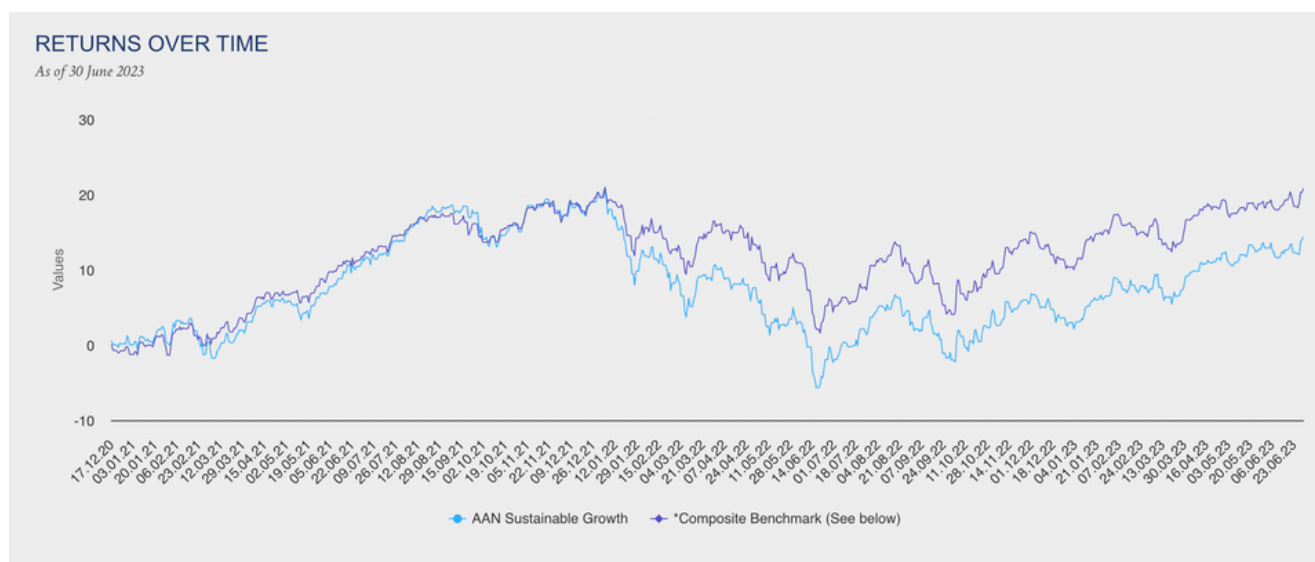
Top 5 holdings represent 74.50% of total fund

Performance

As at 30 June 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.23%	4.70%	10.97%	17.01%	N/A	N/A	5.41%

Returns over time



AAN Sustainable Growth - AC0006

As at 30 June 2023

The Model

There were no material changes to the portfolio this quarter other than reweighting back to benchmark allocations.

Notable Investments

Domestic Shares (Australian Ethical:)

- During the quarter, the portfolio benefited from being underweight in the Materials sector, while stock selection played a vital role in overall performance. The Financials sector performed well, driven by insurance stocks and premium growth, and the Consumer Staples sector was buoyed by a takeover proposal for Blackmores. The Technology and Healthcare sectors detracted slightly due to strong performance in tech companies not held in the portfolio and selling pressure in healthcare stocks. During the quarter the Manager increased the portfolio's weighting in Pexa (PXA) and Bank of Queensland (BOQ), and trimmed the portfolio's weighting in Cochlear (COH) and Healius (HLS). Dexs (DXS) was added to the portfolio. While there has been concern over whether property values will hold up, particularly in the office space, the Manager believes DXS has a high quality portfolio of assets that will prove to be resilient.

All International Shares (Stewart Worldwide Sustainability):

- Over the past quarter, the Manager has taken the opportunity to initiate a new position in Swedish conglomerate Assa Abloy (Sweden: Industrials) which focuses on security products from locks to biometric access. They have followed the company for many years and took an opportunity at a reasonable valuation to initiate a position. The Manager also added to some of their favourite existing positions including Indian financial institution HDFC (India: Financials), several US industrial companies including Watsco (US: Industrials), Advanced Drainage Systems (US: Industrials) and Zebra Technologies (US: Information Technology) as well as European holdings including Infineon Technologies (Germany: Information Technology) and Roche (Switzerland: Health Care). The Manager funded some of these additions by trimming holdings in Elisa (Finland: Communication Services), Beiersdorf (Germany: Consumer Staples), Cochlear (Australia: Health Care) and Constellation Software (Canada: Information Technology) among others as valuations crept up. There were no divestments in the quarter.

Performance

The AAN Sustainable Growth model returned 4.70% this quarter (before fees) whilst over 12 months the model returned 17.01% (before fees).

The bulk of the positive portfolio return over the quarter was driven by the allocation to international shares, adding 3.39% to the return, whilst domestic shares added 1.32% and domestic listed property added 0.11%. Cash detracted 0.07% for the quarter.

For the 12-month period, international shares drove the return, adding 10.84% for the year, followed by domestic shares (+6.07%), domestic listed property (+0.21%) and cash (+0.15%).

Key Contributors:

- Vanguard Ethically Conscious International Shares Index ETF +1.36%
- BetaShares Global Sustainability Leaders +1.18%
- Stewart Investors Worldwide Sustainability +0.73%

Key Detractors:

- Bank of Queensland -0.07%
- Perpetual ESG Real Return -0.07%
- Fisher & Paykel Healthcare -0.05%

General Advice Warning

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Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings.