ASSET MANAGEMENT

Quarterly Investment Update

Contents

Sept 2023

AAN Asset Management Pty Ltd

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ASSET MANAGEMENT

Investor Letter

Dear Investor,

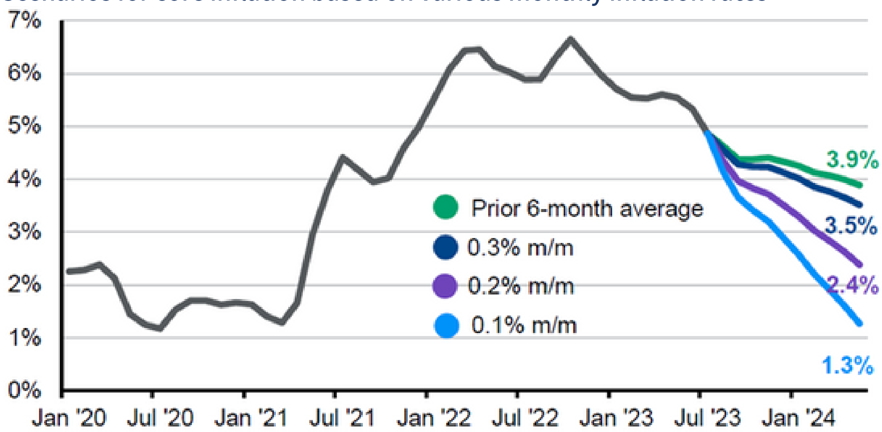
Persistent inflation has seen a series of rate hikes from the central banks of developed countries around the globe. Whilst headline inflation has reduced across several regions, core inflation measures remain above target inflation rates for central banks.

There are four primary reasons driving price increases: a decline in competition, rising marginal costs, reduced price-elasticity of demand, and unexpected demand. The post-pandemic demand shock arose from unexpected demand, a result of fiscal policies and pent-up spending. Additionally, an aging population, coupled with social security being tied to the Consumer Price Index, results in increased inflationary pressure. Moreover, higher government spending, alongside demands for public services and global challenges, will likely enhance inflation.

Economies

U.S. core inflation on the path to normalisation

Scenarios for core inflation based on various monthly inflation rates



Softer U.S. labour and inflation data in July might deter the Fed from hiking rates in September. The slow inflationary path raises concerns about its pace for the Federal Reserve. Despite economic activity, the possibility of rate hikes remains, with rate cuts potentially delayed until 2024. Markets appear optimistic about the U.S. economic outlook due to robust equity performance. Investors should be cautious with their expectations for equity returns and bond yield trends in a prolonged higher-rate environment.

The Federal Reserve indicated that recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have slowed in recent months but remain strong, and the unemployment rate has remained low. Inflation remains elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run. In support of these goals, the Committee decided to maintain the target range for the federal funds rate at 5.25 to 5.5%.

China's economic activity surged with its reopening but has since faltered, recent PMI figures highlights some concerns in various sectors like property and employment. The government's attempts at stimulus and cost-reducing measures for firms may offer limited impact due to already low lending rates. Diplomatically, high-level talks between the U.S. and China, exemplified by Antony Blinken's Beijing visit and potential meetings between Presidents Biden and Xi, suggest a renewed focus on dialogue. However, escalating military tensions, defence deals, and regional expansions hint at long-term confrontations between the two superpowers.

The Chinese real estate crisis remains unresolved and faces an intensifying crisis, with major developers like Evergrande and Country Garden grappling with significant financial challenges. Evergrande, having previously defaulted and accruing over $300bn in liabilities, recently filed for bankruptcy protection in New York. Meanwhile, Country Garden, previously China's top property developer by revenue, risks default, particularly after missing bond payments. The downturn in the sector has resulted in unpaid suppliers and stranded homebuyers, with new home sales plunging. The instability threatens to ripple into China's broader economy and affect international investors, as China attempts to bolster its weakening economy and restore confidence in its markets.

In its October 2023 meeting, the Board of the Reserve Bank of Australia (RBA) decided to leave the cash rate target unchanged at 4.10% and the interest rate paid on Exchange Settlement balances unchanged at 4.00%.

"The future is never clear, you pay a very high price in the stock market for a cheery consensus."
- Warren Buffett

Interest rates have been increased by 400 percentage points since May last year. The higher interest rates are working to establish a more sustainable balance between supply and demand in the economy and will continue to do so. In light of this and the uncertainty surrounding the economic outlook, the Board again decided to hold interest rates steady this month. This will provide further time to assess the impact of the increase in interest rates to date and the economic outlook.

The RBA noted in its August update that Australia's economic growth has recently slowed, influenced by higher interest rates, increased living costs, and decreased household wealth, but it is expected to pick up pace as these challenges lessen over time. Meanwhile, the revised population growth estimate mainly impacts recent quarters.

Markets

The Australian labor market is robust with solid employment growth in the March quarter, and the recent surge in overseas migration may be addressing labor shortages. However, the unemployment rate may rise in the coming years due to the dampened economic growth.

Several uncertainties loom over Australia's economic outlook, such as the conflicting factors impacting household spending and global growth. Factors include the balance between labor demand and rising inflation, potential changes in global monetary policy, and the stability of the banking sector which could significantly affect the global economic landscape if it deteriorates.

US equity market performance since the start of the year was driven by a narrow set of mega cap technology stocks and continues to be.

Towards the end of the September quarter, Apple dropped well below the $3 trillion mark, falling to US$2.66T value, on the back of Chinese bans on the use of iPhones by public servants. Apple has still generated a 12-month performance of 19.80% to September 2023. The next largest company, Microsoft, is now US$300B smaller than Apple, but has generated 32.06% for the 12 months to September 2023. Nvidia has been a stellar performer generating 252.61% for the same period. The Technology and Artificial Intelligence thematics continue to captivate investors, though investors should be cognisant of how much any future growth has already been priced into these stocks.

Australian large caps sold off hard in September, down 2.8% for the month. Mid-caps and small-caps did even worse than blue chips, with the S&P/ASX MidCap 50 and the S&P/ASX Small Ordinaries plunging 4.6% and 4.0%, respectively, in September.

Markets, stocks, and bonds have been dropping in price in recent weeks as investors prepared for the prospect that central bankers will hold interest rates "higher for longer" than previously expected, to try to squeeze inflation out of global economies. The months of September have seen stocks heading for their worst month of the year as a triple whammy of soaring bond yields, rising oil prices and slowing growth, trigger a widespread sell-off, even in mega-cap tech companies.

What's next?

The Australian economy has displayed resilience amidst global challenges, with commodity prices and trade relations between Australia and China remaining stable. Consumer spending has been subdued but not calamitous, thanks to the buffer of COVID savings. Bank bad debts have been fewer than anticipated, and inflation and wage growth have been manageable, fuelling hopes that the Reserve Bank of Australia (RBA) might have concluded its rate hikes. However, there are looming concerns. There is an anticipated surge in wages for the upcoming quarters due to several factors like higher pay in healthcare, bank settlements, and public sector wage agreements. Additionally, the declining Australian dollar, coupled with rising oil prices, may drive inflation upwards. These combined factors hint that the RBA might have to introduce further rate hikes.

High inflation and central bank actions remain the dominant drivers of market movements. Q3 2023 has seen central banks generally taking the same direction, pausing on interest rate changes. However, the future of inflation remains uncertain with recent oil price increases leading to price increases at the bowser. One thing is a little clearer, central banks are nearing the end of their hiking cycles, and there is potential 2024 could see some interest rate decreases, albeit modest compared to the rate of increase. Central bank interest rate targets will remain a key focus and with no clear direction at present, volatility across markets is expected to remain present.

Kind regards,
The AAN AM Investment Committee

Economic Summary

Data from 3 October 2023

Australian unemployment

3.7% mid-quarter compared to 3.6% for the previous quarter.

3.7%

AUD/USD

64c compared to 67c at the end of the June quarter.

Australian bonds

Australian bond yields at 4.50% by quarter end up 0.51 percentage points.

4.50%

Model performance

The AAN Core Model was the best performing model for the quarter returning -0.04% and the AAN Growth Model was the best performing model over the 12 month period returning 15.73%.

Annual inflation

US 3.7% AUG 2023 compared to 8.3% AUG 2022. AUS 5.2% AUG 2023 compared to 7.2% AUG 2022.

Equity markets

S&P500 returned -3.3% whilst the ASX200 returned -0.8% for the quarter.

Iron Ore price

Iron Ore $120 USD/T +5.3% for the quarter.

Gold price

$1,827 USD/oz -4.8% for the quarter.

Oil price

Brent crude $91 USD/bbl +20.3% for the quarter. West Texas Intermediate (WTI) crude $89USD/bbl - +25.7% for the quarter.

Volatility Index

VIX ranged between 13 and 19 over the quarter.

US yield curve

US 10Y Treasury reached 4.7% by quarter-end, with the US10Y/2Y spread at -0.43%.

AAN CORE - AC0001

As at 30 Sept 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

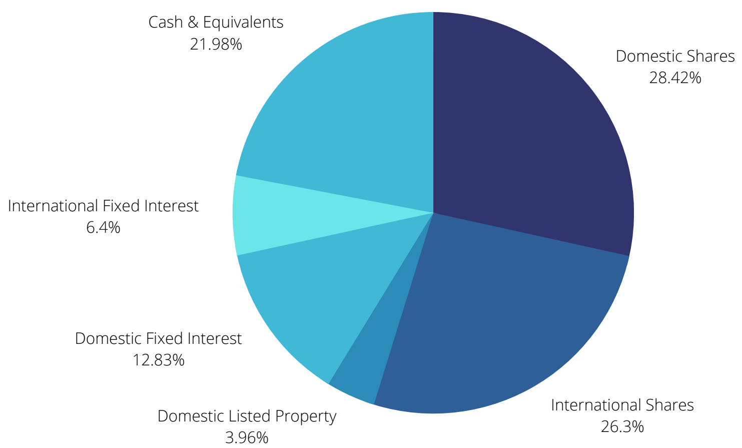
Investment description

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	20.28%
Vaneck Australian Equal Weight ETF	7.45%
Perpetual Focus Australian Share	7.39%
Vaneck MSCI International Quality ETF	6.66%
Lazard Global Equity Franchise	6.63%

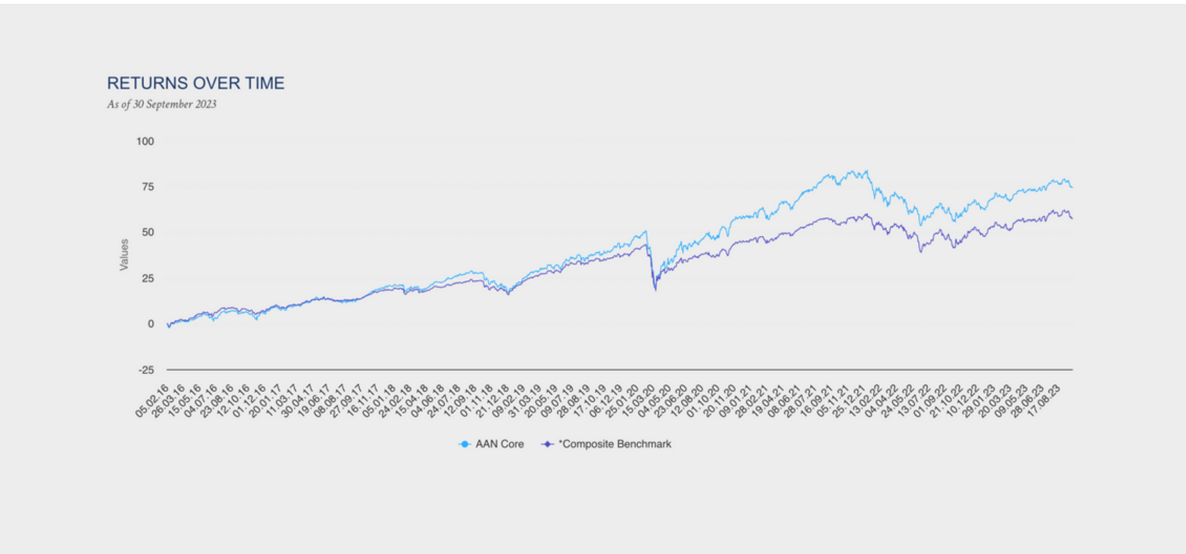
Top 5 holdings represent 48.41% of total fund

Performance

As at 30 Sept 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-2.34%	-0.04%	2.60%	12.16%	6.01%	6.45%	7.57%

Returns over time



AAN Core - AC0001

As at 30 Sept 2023

ASSET MANAGEMENT

The Model

The were no material changes to the portfolio this quarter. Changes were limited to adjustments to benchmark allocations.

Notable Investments

International Shares (Lazard Global Equity Franchise Fund):

- Global equity markets experienced a downturn in the third quarter of 2023, mainly driven by a shift in the global interest rate outlook. The US Federal Reserve's hawkish stance contrasted with the unexpectedly dovish policies elsewhere, particularly in the eurozone where the European Central Bank hinted at having reached a peak in interest rates due to a weakening economic outlook. On the other hand, the Lazard Global Equity Franchise Fund reported a return of -1.95% for the quarter ending September 2023, slightly underperforming the MSCI World Index which returned -0.43%. Notably, the fund's top performer was H&R Block, which outperformed consensus estimates and increased its annual dividend. Meanwhile, SES, a leading geostationary satellite owner, also reported strong performance, while IT outsourcer Cognizant saw solid results. Conversely, luxury retailer Tapestry's unexpected acquisition of Capri Holdings raised concerns due to potential integration and debt challenges, and Nexi, Europe's top payment processing business, experienced a decline amidst weak consumer spending data in Europe.

Perpetual Diversified Real Return Fund:

- The Diversified Real Return Fund reported a 1.3% gross return for the September quarter. Over the past year, it achieved a 4.5% return and a 4.7% p/a return over the past 5 years, falling short of its objective of 8.6% (CPI plus 5%) over rolling 5 years. Since its inception in 2010, the fund has returned 6.4% p/a compared to the 7.8% target. The fund's strong cash allocation was a significant contributor to returns, benefiting from rising interest rates, and its US dollar exposure gained from the Greenback's strength against other currencies. Equities and bonds faced losses over the quarter, but the fund's equity put options provided protection. However, its fixed-income allocation suffered as bond yields rose, as did its investment in a diversified basket of commodities, including gold.
- The fund's strategy included a cautious approach to return-seeking assets due to concerns about high valuations and potential risks associated with rising interest rates. It maintained diversified growth assets in various markets, including global equities, emerging markets, Australian equities, global and Australian listed property, and Australian credit. Additionally, the fund focused on diversification opportunities, including foreign exchange exposures, a short position in Japanese government bonds, and stock selection alpha through various equity holdings. The fund also emphasized downside protection by limiting exposure to equities and credit while holding substantial cash reserves and options on equity markets. Lastly, the portfolio maintained a small allocation to commodities to guard against inflation. In a market environment marked by uncertainty and potential economic challenges, the fund aimed to achieve its investment objectives while managing risk effectively.

Performance

The AAN Core model returned -0.04% (before fees) this quarter, bringing the rolling 12-month total to 12.16% (before fees).

Over the quarter, only international shares (-0.38%), domestic listed property (-0.10) and domestic shares (-0.05%) detracted from performance. All other asset classes made positive contributions to the portfolio over the quarter. The largest contribution came from cash and equivalents (+0.21%), followed by domestic fixed interest (+0.18%) and international fixed interest (+0.12%) making smaller positive contributions.

For the 12-month period, all asset classes were positive contributors, led by international shares (+20.80%) and domestic shares (+15.06%), followed by domestic listed property (+13.33%), international fixed interest (+4.79%) domestic fixed interest (+4.50%), and cash (+3.76%).

Key Contributors:

- Perpetual Diversified Real Return +0.21%
- Franklin Australian Absolute Return +0.12%
- NAB 0.10%

Key Detractors:

- Franklin Global Growth -0.21%
- Lazard Global Equity Franchise -0.14%
- CSL Limited -0.15%

AAN GROWTH - AC0002

As at 30 Sept 2023

ASSET MANAGEMENT

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

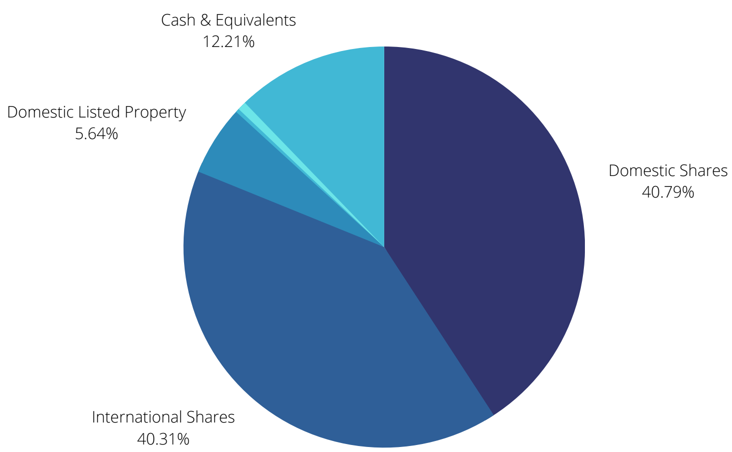
Investment description

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

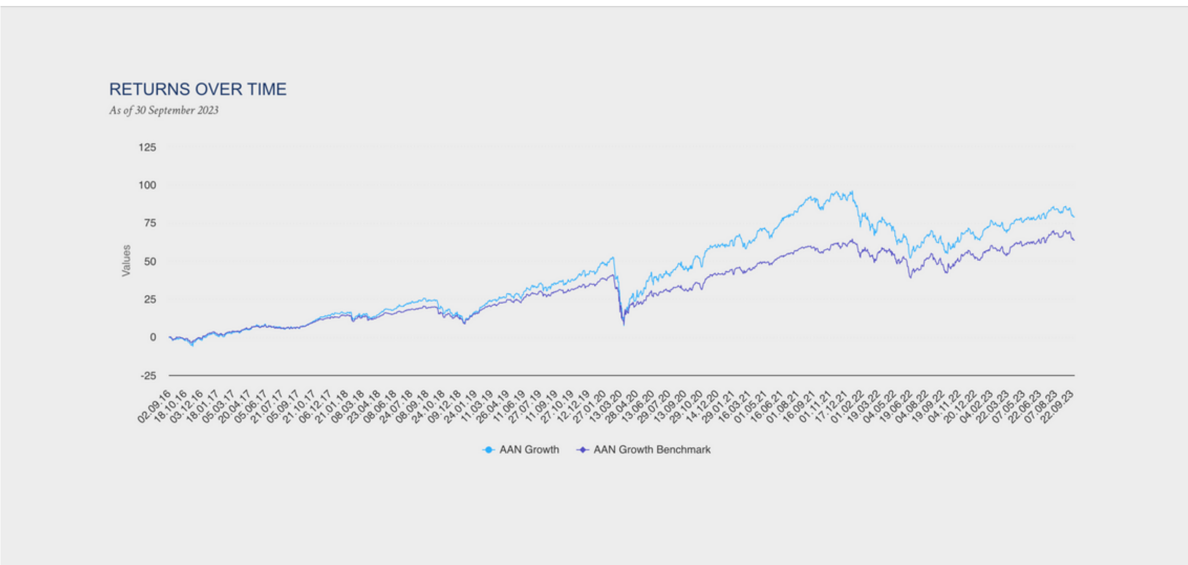
Perpetual Diversified Real Return W	10.26%
Vanguard MSCI Index International Shares (Hedged) ETF	10.14%
VanEck Australian Equal Weight ETF	9.76%
Perpetual Focus Australian Share	9.68%
Vaneck MSCI International Quality ETF	8.88%

Top 5 holdings represent 48.72% of total fund

Performance

As at 30 Sept 2023	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-3.40%	-0.70%	3.14%	15.73%	7.44%	7.61%	8.62%

Returns over time



AAN Growth - AC0002

As at 30 Sept 2023

The Model

The were no material changes to the portfolio this quarter. Changes were limited to adjustments to benchmark allocations.

Notable Investments

Domestic Shares (DNR Capital):

- The best-performing sector was Energy, driven by the recovery in oil, gas, and coal prices due to OPEC+ supply cuts and reduced Russian exports. Consumer Discretionary also outperformed as consumers, supported by savings built during the pandemic and increasing wages, held up well despite restrictive monetary policies. On the other hand, Health Care was the worst-performing sector, primarily due to the impact of GLP-1 treatments for weight loss on some constituents. Consumer Staples also underperformed due to cost inflation affecting margins.
- The portfolio outperformed the benchmark during the quarter, with positive contributions from sectors like Consumer Discretionary, Consumer Staples, and Energy. Stock selection within Materials, Industrials, and Financials also contributed positively to performance. Some individual stocks, such as Carsales.Com, Domino's Pizza Enterprises, and Computershare, contributed positively, while others like Iress, ANZ Group Holdings, and Ramsay Health Care had a negative impact. Looking ahead, the market outlook remains uncertain due to rising interest rates, but opportunities may arise as some companies adjust to higher bond yields. The portfolio will continue to navigate this uncertainty, aiming to improve its overall quality while monitoring economic strength, inflation, and policy developments.

Performance

The AAN Growth model returned -0.70% (before fees) for the quarter, bringing the rolling 12-month return to 15.73% (before fees).

The only positive contribution came from cash and equivalents 0.10% positive contribution, with all other sectors detracting, international shares (-0.53%), followed by domestic listed property (-0.15%), domestic shares (-0.10%), international fixed interest and domestic fixed interest (-0.02% and 0.00% respectively).

For the 12-month period, only international fixed interest detracted from performance (-0.51%). All other asset classes were positive contributors, led by international shares (+20.56%), domestic shares (+15.06%), domestic listed property (+13.28%), cash (+3.74%) and domestic fixed interest (+0.88%).

Key Contributors:

- NAB +0.13%
- Woodside Energy Group Ltd +0.12%
- Perpetual Diversified Real Return +0.10%

Key Detractors:

- Franklin Global Growth -0.27%
- Lazard Global Equity Franchise -0.19%
- CSL Limited -0.17%

AAN Australian - AC0003

As at 30 Sept 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

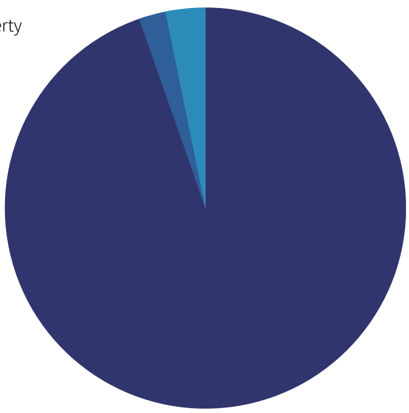
Investment description

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	24.66%
Perpetual Focus Australian Share	24.66%
BHP Group Limited FPO	6.42%
CSL Limited FPO	4.57%
National Australia Bank Limited FPO	3.65%

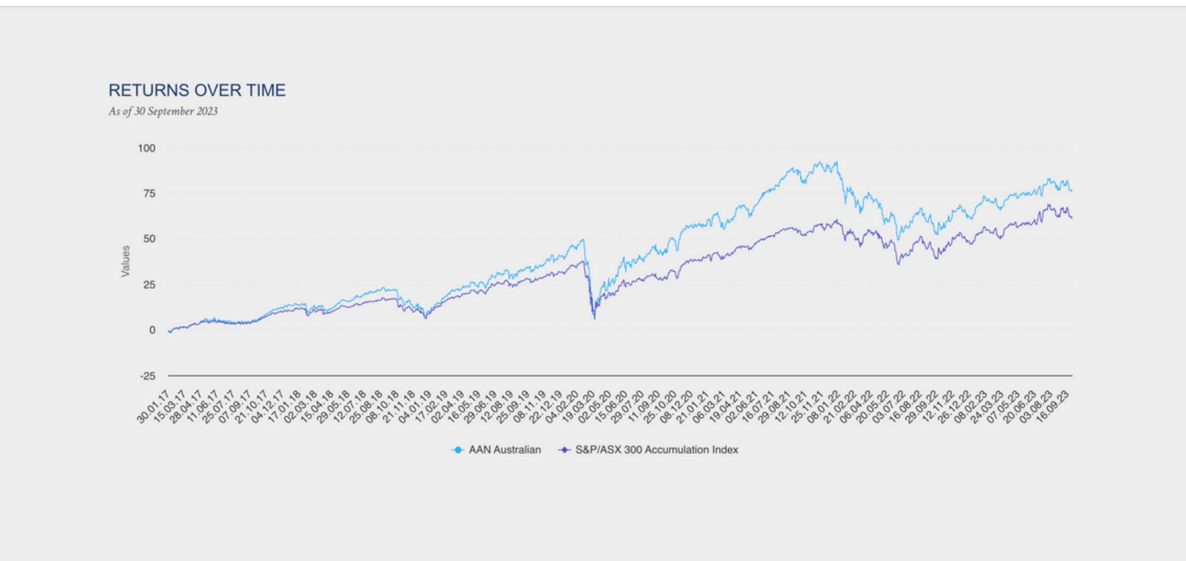
Top 5 holdings represent 63.96% of total fund

Performance

As at 30 Sept 2023

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-2.65%	-0.20%	1.10%	14.72%	8.02%	5.70%	7.44%

Returns over time



AAN Australian - AC0003

As at 30 Sept 2023

The Model

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

Notable Investments

DNR Capital:

- During the period, the S&P/ASX 200 Industrials Total Return Index declined by 3.63%. The Financials sector performed relatively well, with a 1.7% decrease, as investors anticipated benefits to margins due to a shifting outlook towards higher interest rates. Consumer Staples also outperformed, with a 2.2% decrease, as investors sought safety in defensive earnings streams. On the other hand, the A-REIT sector was the worst-performing sector, experiencing an 8.6% decline as rising bond yields led to a broad-based selloff in duration assets. Information Technology underperformed, with an 8.0% decrease, impacted by the bond market moves that affected the present value of future cash flows for tech companies. The market reacted negatively to the expectation of higher interest rates, leading to uncertainties in the equity market outlook. Despite these challenges, there may be opportunities for investors, such as companies adjusting to higher bond yields, and potential benefits for resources and energy sectors less correlated to interest rates but more tied to the outlook for China.

Perpetual Focus Australian Share Fund:

- In the September quarter, bond yields continued to rise, impacting equity markets negatively. The Australian dollar also depreciated against the USD, while the Australian cash rate remained unchanged at 4.10%. The fiscal year 2023 reporting season was underwhelming, marked by disappointing results across various sectors. Revenues held up better than expected, driven mainly by price increases, but challenges emerged further down the profit and loss statement, including wage inflation, increased business costs, and higher financing costs. The Energy sector performed well, with an 11.63% increase, driven by rising oil and coal prices, while Healthcare (-8.96%) and Consumer Staples (-5.78%) were among the sectors that suffered the most over the quarter.
- In the portfolio, contributors to performance included Origin Energy, benefiting from a growing realisation about the need to keep its coal-fired power station open and its involvement in the energy transition. On the other hand, Iluka Resources detracted from performance due to concerns about capex increases and depressed commodity prices. The overweight position in casino operator Star Entertainment Group also negatively affected relative performance. Looking ahead, the impact of rising interest rates on valuations remains a key consideration, with uncertainty surrounding how different sectors will respond. The market's reaction to the rising yield curve has been mixed, and the outlook for "expensive defensives" and growth stocks may be challenging if yields continue to rise in a higher-for-longer scenario.

Performance

The AAN Australian model returned -0.20% (before fees) for the quarter and 14.72% (before fees) for the 12-month period.

In absolute terms, the best performing stocks through the full quarter were Caresales.com (+10.24%), Domino’s Pizza (+15.45%), Computershare (+12.82%), Woodside Energy (11.06% total return), NAB (+10.24%), Wesfarmers (+10.14%).

The detractors include IRESS (-43.23%), Endeavour Group (-13.77%) and Coles (-13.27%).

Key Contributors:

- NAB +0.33%
- Woodside Energy Group Ltd +0.32%
- Carsales.Com +0.22%

Key Detractors:

- CSL Limited -0.15%
- Perpetual Focus Australian Share -0.42%
- IRESS Limited -0.15%

AAN Index Core - AC0004

As at 30 Sept 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

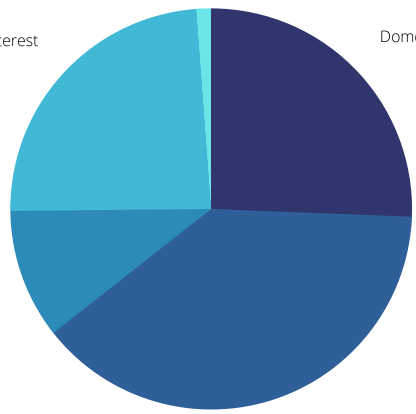
Investment description

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

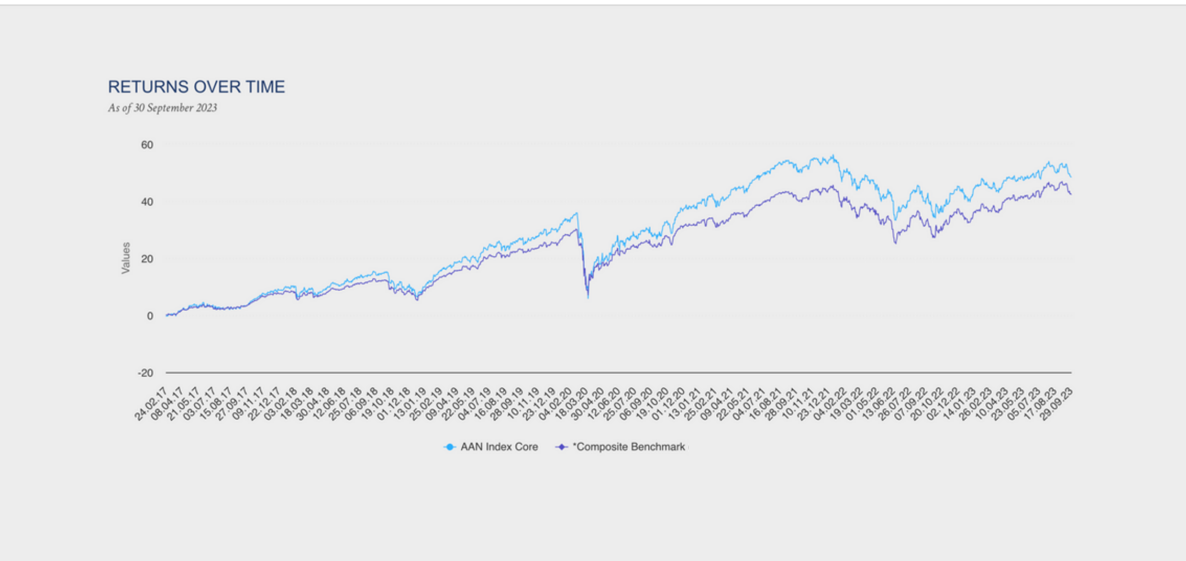
Betashares Australia 200 ETF	25.60%
Vanguard Global Aggregate Bond Index (Hedged) ETF	23.95%
Vanguard US Total Market Shares Index ETF	13.49%
Vanguard MSCI Index International Shares (Hedged) ETF	11.34%
iShares Australian Bond Index	10.45%

Top 5 holdings represent 84.83% of total fund

Performance

As at 30 Sept 2023	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-2.86%	-0.91%	1.59%	10.84%	5.28%	5.31%	6.24%

Returns over time



AAN Index Core - AC0004

As at 30 Sept 2023

ASSET MANAGEMENT

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 (+0.10%), and the Vanguard FTSE Emerging Market Shares (+0.04%).

The negative performers over the quarter were Vanguard Global Aggregate Bond Index (Hedged) (-0.64%), Vanguard MSCI Index International Shares (-0.18%), BetaShares Australia 200 ETF (-0.16).

There are no asset classes that positively contributed to the model performance over the quarter. International fixed interest (-0.64%) led the detractors, with domestic shares (-0.16%), international shares (-0.08%) and domestic fixed interest (-0.04%) following behind.

Performance

The AAN Index Core model returned -0.91% (before fees) over the quarter which brought the rolling 12-month period return to 10.84% (before fees).

Key Contributors:

- Vanguard US Total Market Shares Index ETF +0.1%
- Vanguard FTSE Emerging Market Shares +0.04%

Key Detractors:

- Vanguard Global Aggregate Bond Index (Hedged) -0.64%
- Vanguard MSCI Index International Shares -0.18%
- BetaShares Australia 200 ETF -0.16

AAN Index Growth - AC0005

As at 30 Sept 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

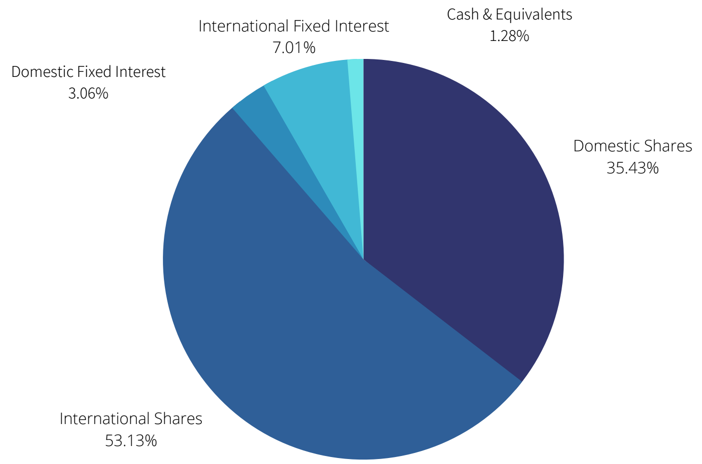
Investment description

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

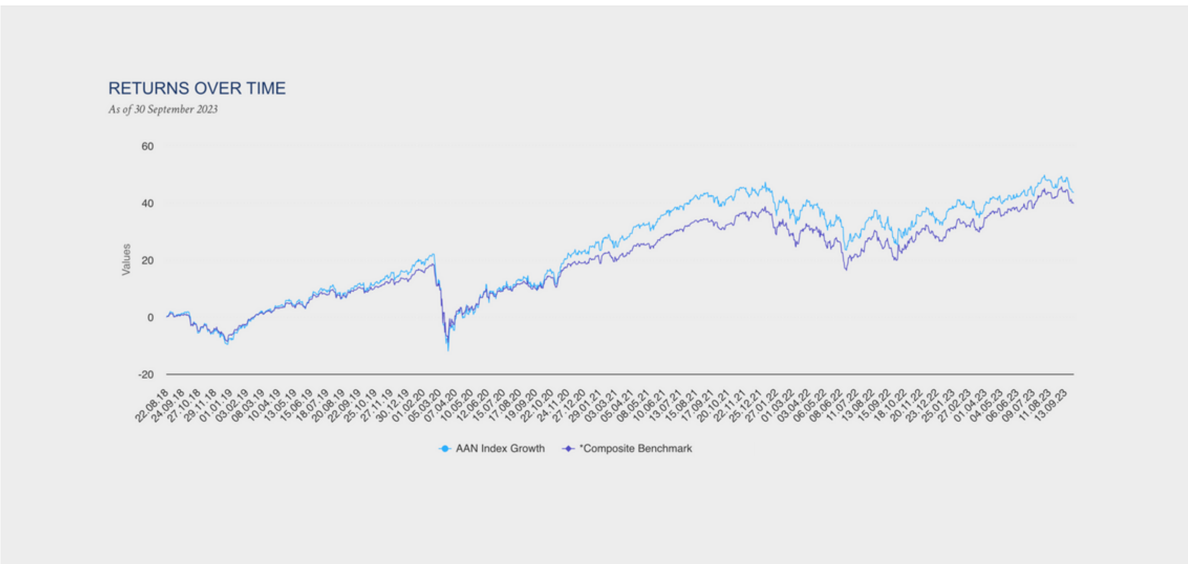
BetaShares Australia 200 ETF	35.43%
Vanguard US Total Market Shares Index ETF	18.60%
Vanguard MSCI Index International Shares (Hedged) ETF	15.47%
Vanguard All-world ex-US Shares Index ETF	7.85%
Vanguard Global Aggregate Bond Index (Hedged) ETF	7.01%

Top 5 holdings represent 84.36% of total fund

Performance

As at 30 Sept 2023	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-3.24%	-0.56%	3.37%	15.05%	9.34%	7.29%	7.48%

Returns over time



AAN Index Growth - AC0005

As at 30 Sept 2023

ASSET MANAGEMENT

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 (+0.10%), and the Vanguard FTSE Emerging Market Shares (+0.05%).

The negative performers over the quarter were Vanguard MSCI Index International Shares (-0.26%), BetaShares Australia 200 ETF (-0.23) and Vanguard Global Aggregate Bond Index (Hedged) (-0.19%).

There are no asset classes that positively contributed to the model performance over the quarter. Domestic shares (-0.23%) led the detractors, with International fixed interest (-0.19%), international shares (-0.14%) and domestic fixed interest (-0.01%) following behind.

Performance

The AAN Index Growth model returned -0.56% (before fees) this quarter, bringing the rolling 12-month return to 15.05% (before fees).

Key Contributors:

- Vanguard US Total Market Shares Index ETF +0.13%
- Vanguard FTSE Emerging Market Shares +0.05%

Key Detractors:

- Vanguard MSCI Index International Shares -0.26%
- BetaShares Australia 200 ETF -0.19%
- Vanguard Global Aggregate Bond Index (Hedged) -0.14%

AAN Sustainable Growth - AC0006

As at 30 Sept 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	

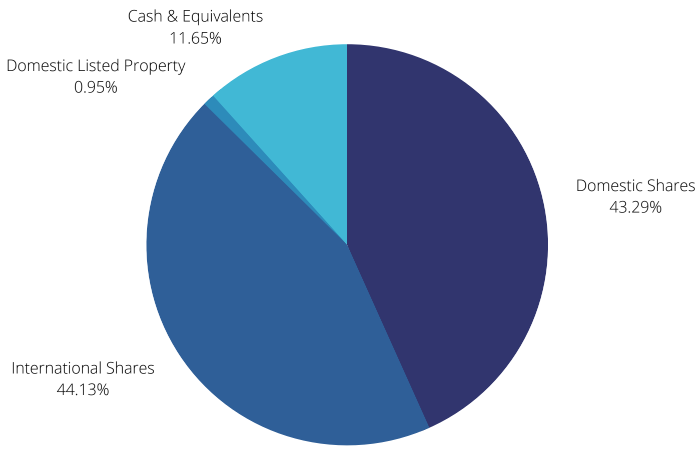
Investment description

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

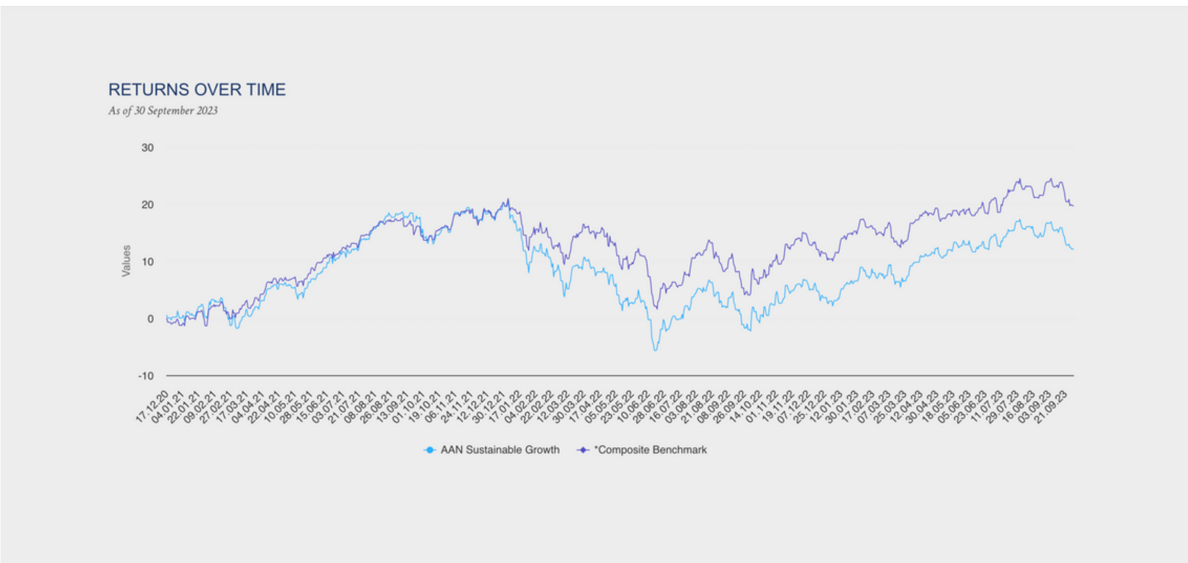
Betashares Global Sustainable Leaders ETF	11.27%
AXA IM Sustainable Equity	11.23%
iShares Core MSCI Australia ESG ETF	11.14%
iShares Core MSCI Word Ex Aus ESG (AUD HED) ETF	11.02%
Alphinity Sustainable Share	10.39%

Top 5 holdings represent 55.05% of total fund

Performance

As at 30 Sept 2023	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	-3.95%	-1.79%	2.86%	14.80%	N/A	N/A	4.35%

Returns over time



AAN Sustainable Growth - AC0006

As at 30 Sept 2023

The Model

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

Notable Investments

Domestic Shares (Alphinity):

In a challenging macroeconomic environment, stock selection has played a pivotal role in driving overall returns, with the focus on identifying companies experiencing positive earnings upgrades. The portfolio has maintained an above-benchmark exposure to such companies, anticipating their continued outperformance as long as broader macroeconomic factors remain unchanged. The August reporting season validated this approach, delivering a solid earnings upgrade performance for the portfolio. However, adjustments were made due to deteriorating trends in some companies, resulting in the exit of Perpetual and Iluka Resources. Financial services platform HUB24 demonstrated strength with ongoing market share gains and positive margin leverage, offering potential for continued earnings surprises. A shift from Fortescue Metals to Rio Tinto was made, primarily due to management changes and increased uncertainties in Fortescue's renewable energy projects. In the September quarter, the portfolio slightly underperformed the market, with notable winners including Carsales.com and Goodman Group, while owning Cochlear and not Resmed Inc or Coles had a positive impact. Detractors included Iluka Resources and not owning Woodside Energy.

International Shares (Stewart Investors Worldwide Sustainability):

Throughout the third quarter, the global equity market continued its trend of becoming more concentrated, with a few large US technology stocks driving the market's growth. However, as active investors, the approach is bottom-up, allowing the focus to shift away from the high valuations of these tech giants. Instead, the emphasis is on identifying quality companies with responsible leadership and the potential for long-term growth fuelled by sustainability trends. Notably, positions were initiated in Japanese bicycle maker Shimano, known for its reputable brand and financial stability, and in EPAM Systems, a digital platform engineering and software development services company. Two stocks were fully divested from the portfolio: Fanuc due to concerns about its profitability and future outlook, and Tokyo Electron due to valuation concerns amid changes in the semiconductor industry.

Market volatility presented opportunities rather than concerns, leading to additional investments in high-quality companies with strong growth potential such as Fortinet, Adyen, and Veeva Systems. These purchases were funded by reducing positions in stocks that had seen significant price increases, including Marico and Advanced Drainage Systems. The overarching investment philosophy centers on protecting and growing clients' capital over the long term by focusing on high-quality companies led by competent and ethical leaders, with strong financials to navigate and benefit from sustainability-driven trends.

Performance

The AAN Sustainable Growth model returned -1.79% this quarter (before fees) whilst over 12 months the model returned 14.80% (before fees).

There are no asset classes that positively contributed to the model performance over the quarter.

International shares (-1.15%) led the detractors, with Domestic shares (-0.67%), domestic listed property (-0.08) and cash and equivalents (-0.02%).

For the 12 months to September 30, international shares 19.09% leads the way, while domestic shares produced 13.62% domestic listed property 11.34% and cash and equivalents 0.30%.

Key Contributors:

- Vanguard Ethically Conscious International Shares Index +0.59%
- Betashares Australian Sustainability Leaders +0.49%
- BetaShares Global Sustainability Leaders +0.19%

Key Detractors:

- Stewart Investors Worldwide Sustainability -0.98%
- iShares Core MSCI WorldxAus ESG Leaders -0.57%
- iShares Core MSCI Australia ESG -0.54%

Disclaimer

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. If you want more information on the benchmarks used for each model please visit the AANAM website at www.aanam.com.au.