

ARO BALANCED RISK PROFILE MULTI-ASSET PORTFOLIO



September 2023 Quarterly

Portfolio Details

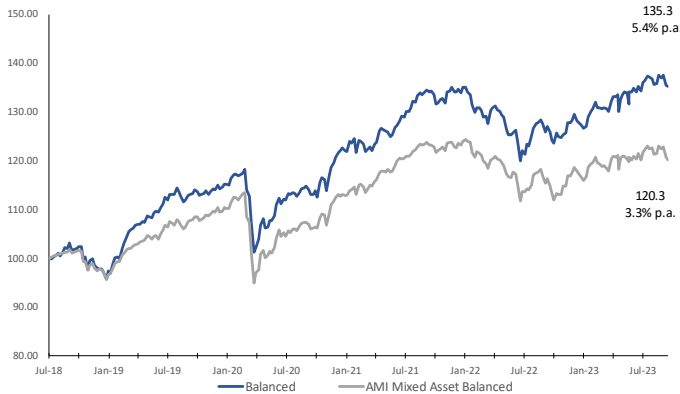
Investment Manager	Aro Asset Management
Asset Class	Equity
Suggested Investment Horizon	7 years
Benchmark	Unaware
Investment Style	Style Neutral
Indicative Number of Holdings	15 to 30

Description

The Aro Balanced Model Portfolio invests in a mix of investments across various asset classes, using a combination of direct and multi-manager investment approaches.

The direct equities component is managed using the same strategy as the Aro Macro Equities Portfolio.

This Portfolio will generally invest in listed securities, managed funds, exchanged traded funds (ETFs) and cash.



Commentary

The Balanced Portfolio remained fell by 0.7% in the June quarter, compared to the peer benchmark falling 1%. Year to date, the portfolio has risen 6.5%, outperforming the peer benchmark by 2.9%.

The Australian stock market has drifted lower the past year, as a tightening monetary policy slows the economy. While Australian total household spending has risen (primarily due to inflation), discretionary spending has fallen, reducing the capacity of consumers to weather further economic tightening.

Global funds are shifting away from risk, resulting in a stronger US dollar. Also, the US 10-year bond yield has returned to the 10-year CPI average ("fair value"), last seen prior to 2008 Crisis. This suggests perhaps a normalising of global bond markets after a more than a decade of recurring quantitative easing.

Growth sectors that require investment, such as resources and technology, have struggled this year, as cost of capital impacts valuations, and funds becomes harder to access.

Much commentary has been made about the resilience of the US economy to weather the rising rates. We believe increased cost of capital and inflation has yet to impact, and the financial markets are driving performance, which can lead to a harder landing than anticipated, as high levels of gearing start to unwind.

The portfolio remains overweight cash. Concerns with rising costs, higher default risk, both for the commercial and residential loans, and harder access to capital underlines the medium-term views for this portfolio. Our view hasn't changed regarding the longer term, with tech and resource companies our preferred sectors in 2024. We remain positive that both the economy and Australian stock market are well placed to rebound when this correction comes.

STANDARD RISK MEASURE*

*Standard Risk Measure is based on industry guidelines



This portfolio is designed for investors seeking long term income and capital growth through exposure across a range of asset classes, with some capital stability, using a non-index weighted investment process.

Fund Performance (gross of fees)

	Fund (%)	Benchmark (%)*	Over/Under
3m	0.0	-1.0	1.0
6m	2.7	0.3	2.5
1y	9.4	7.4	2.1
3y (% p.a.)	6.2	4.2	2.0
5y (p.a.) **	5.7	3.4	2.3
From Inception - 1/07/2018 (% Total)	35.9	20.2	15.7

*The index used is AMI Mixed Asset - Balanced

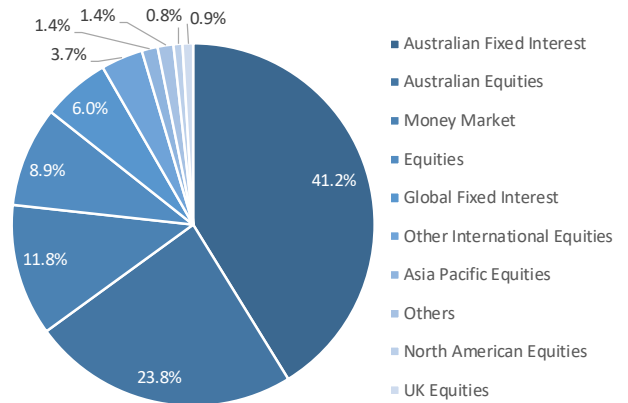
** Combined performance of portfolio - Client portfolio used prior to March 2019; Macquarie SMA used post March 2019. Performance is gross of fees

Top 10 Holdings

Balanced Top Equity Holdings

CASH
BETASHARES AUSTRALIAN BANK SENIOR FLOATING RATE BOND ETF
VANECK INVESTMENTS LIMITED - VANECK AUSTRALIAN FLOATING RATE ETF
ISHARES GLOBAL 100 ETF (AU)
BETASHARES ACTIVE AUSTRALIAN HYBRIDS
ISHARES CORE GLOBAL CORPORATE BOND (AUD HEDGED) ETF HEDGED
VANECK INVESTMENTS LIMITED - VANECK AUSTRALIAN SUBORDINATED DEBT ETF
BETASHARES GLOBAL SUSTAINABILITY LEADERS ETF
CSL LTD
NATIONAL AUSTRALIA BANK LIMITED

Sector Exposure



Asset Class Allocation

