

ARO MACRO AUSTRALIAN EQUITIES PORTFOLIO



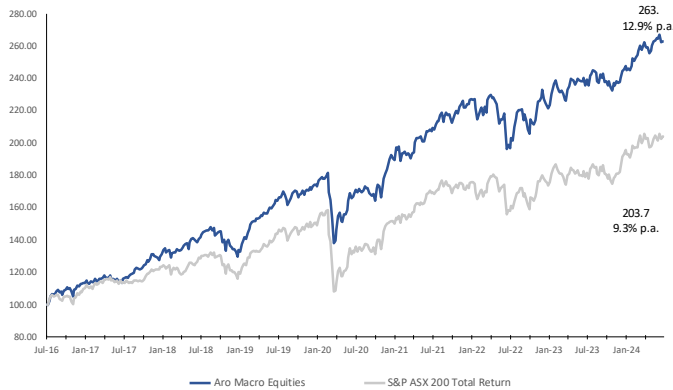
JUNE 2024 Quarterly Update

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 Macro Equities Model Portfolio is an actively managed portfolio, predominately invested in Australian equities focusing on alpha and risk management. Aro uses a top-down approach, with a focus on economic cycles and relationships between companies, industries and global markets. With a long-term macroeconomic focus, the portfolio at times may be invested across both growth and defensive asset classes. Aro's objective is to mitigate risk while maintaining an above normal return over the long term, underlined by Aro's long-term risk management strategy.



Commentary

The Macro Portfolio rose 0.3% in the June quarter, while the ASX200 fell 1.1% (outperformance of 1.4%). For the 12 months, the portfolio has risen 10%, in line with the ASX 200, while still retaining an overweight position in cash. Since inception, the portfolio has risen 163%, compared to the ASX 200 total return of 104%, representing a 59% outperformance.

Resources was the worst performing sector this quarter while Financials was the best. Technology as fared well, with our best performing holdings in MQG, WTC, ZRO and TNE. Our cash position has dampened any outperformance, but we stand be our fundamental strategy of remaining defensive during uncertain economic times. We increased our exposure to resources late in the quarter as prices fell.

The portfolio has been overweight cash for the year, as adverse economic indicators remain high. While the market remains stubbornly strong, the yield curve has worsened over the last month, suggesting credit concerns.

RBA March quarter announced Inflation now sits at 3.6% annualised, while the Australian dollar remains in the mid 60s. GDP is floundered at 0.2% for the March quarter, while CPI (inflation) was up 0.9% for the period. GDP growth is the lowest in decades, if we ignore the COVID downturn. Chances of a negative June quarter when data is realised later this month remain real.

High rates, debt levels and defaults underpin a rebalancing in the near term. We remain cautious with market and remain overweight cash.

STANDARD RISK MEASURE*

*Standard Risk Measure is based on industry guidelines



This portfolio is suitable for investors with a long-term time horizon seeking capital growth, a broad share market exposure, and looking for performance during all stages of the market cycle.

Fund Performance (gross of fees)

| | Fund (%) | Index (%)* | Over/Under |
|---------------------------------------|----------|------------|------------|
| 3m | 0.3 | -1.1 | 1.4 |
| 6m | 6.2 | 4.2 | 2.0 |
| 1y | 10.1 | 10.1 | -0.1 |
| 3y (p.a.) | 8.2 | 6.4 | 1.8 |
| 5y (p.a.) ** | 9.9 | 7.3 | 2.7 |
| From Inception - 01/07/2016 (% Total) | 162.9 | 103.7 | 59.2 |

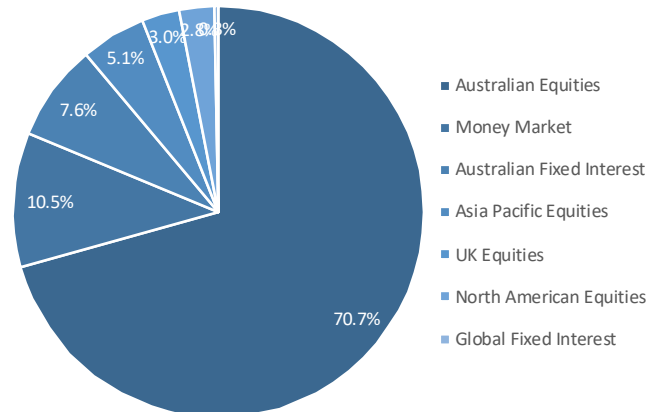
*The index used is S&P ASX 200

**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

| ARO Macro Top Holdings |
|--|
| CASH |
| NATIONAL AUSTRALIA BANK LIMITED |
| AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED |
| BHP GROUP LIMITED |
| CSL LTD |
| MACQUARIE GROUP LIMITED |
| WESFARMERS LIMITED |
| XERO LIMITED |
| BETASHARES AUSTRALIAN EQUITIES STRONG BEAR HEDGE |
| WOODSIDE PETROLEUM |

Sector Exposure



Asset Class Allocation

