Monthly Report
Core Australian Equity Portfolio
March 2024

Market Commentary

The Australian equity market advanced for a fifth consecutive month in a row, with the S&P/ASX 200 returning 3.3% in March and extending the recent rally to 18.8% since the October 2023 low.

REITs (+9.3%) was the best performing sector despite only a small decline across bond yields. Improving credit conditions and some upgrades to earnings expectations post reporting season saw names across industrials, office, retail, and residential property rally over the month.

Resources sectors also performed well with energy (+6.2%) and materials (+4.3%) enjoying strong gains. The energy sector was buoyed by higher brent oil (+4.6%) which gained on the back of demand resilience and OPEC cuts while the surge in gold (+9.1%) helped offset softer iron ore prices.

Communication services sector (-0.8%) was the only sector to finish the month in the red as earnings for underlying media segment continue to be revised lower.

We see several reasons for Australian equity investors to remain positive despite the strength of the recent rally and valuation pushing higher with the price to forward earnings multiple currently at 17x. While GDP is slowing near-term there are multiple factors to drive growth higher in the second half of the calendar year in our view including high immigration, ongoing strength in employment and near-record terms of trade.

Portfolio Commentary

The portfolio advanced 3.72% in March, outperforming the S&P/ASX 200 Total Return Index by 0.45%. Outperformance was primarily driven by positive contributions from bottom-up stock selection which overshadowed a negative contribution from top-down sector allocations.

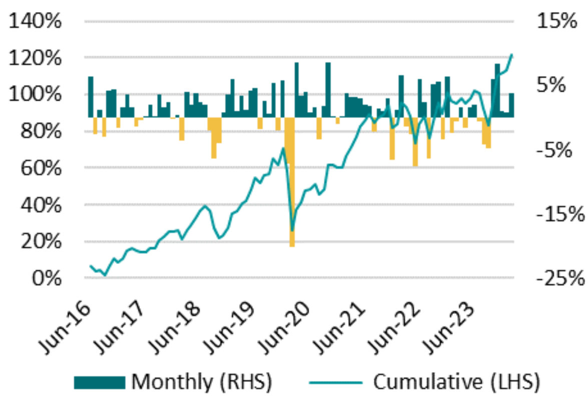
The positive bottom-up stock selections were concentrated within the health care and REITs sectors with positions in ResMed (RMD), CSL Ltd (CSL) and Goodman Group (GMG) enjoying strong gains over the month.

Portfolio Characteristics

Characteristic	Portfolio
Beta	1.05
Dividend Yield (gross) (%)	4.6
PE Ratio (1yr forward) (x)	19.7
P/CF (x)	11.2
P/BV (x)	2.9
ROE (%)	14.4
Tracking Error (%)	3.1

Source: Bloomberg, Infinity Asset Management

Cumulative Portfolio Return (%)



Source: Bloomberg, Infinity Asset Management

Performance

Period	Portfolio	Benchmark	Excess Return
1 months	3.72%	3.27%	0.45%
3 months	5.40%	5.33%	0.07%
1yr (p.a.)	13.48%	14.45%	-0.97%
3yrs (p.a.)	10.03%	9.62%	0.41%
5yrs (p.a.)	10.19%	9.15%	1.04%
Since Incept.	121.46%	106.39%	15.06%

Source: Bloomberg. Benchmark: S&P/ASX 200 TR Index. Incept: 30th June 2016 Past performance is not an indicator of future performance. Performance is gross of fees

Stock Attribution

Company	Positive	Company	Negative
Goodman	0.44%	Arcadium	-0.13%
ResMed	0.38%	ANZ	-0.13%
Qube	0.20%	Newmont	-0.13%

Sector Attribution

Sector	Positive	Sector	Negative
Health Care	0.43%	Financials	-0.29%
Industrials	0.18%	Energy	-0.14%
REITs	0.12%	Staples	-0.06%

Top Active Holdings

Company	Active (%)	Company	Active (%)
Macquarie	5.0	ResMed	3.0
BHP	4.4	James Hardie	2.9
CSL Ltd	3.6	NAB	2.3
Goodman	3.5	Xero	2.1
Qube	3.2	Altium	2.1

Relative Sector Positioning

Sector	Active (%)	Sector	Active (%)
Health Care	5.7	REITs	-0.9
Cash	4.2	Energy	-1.5
Industrials	3.2	Staples	-1.6
IT	2.3	Discretionary	-2.8
Materials	1.2	Comm Serv	-3.8
Utilities	0.8	Financials	-6.9

Key Contributors

Goodman Group (GMG) advanced 13.1% in the month, continuing the strong momentum from the positive interim FY24 result in delivered in February where FY24 operating earnings growth guidance was upgraded from +9% to +11%. Despite the recent rally, we continue to further long-term upside given the ongoing strength in demand for industrial properties, expectations for higher rentals to continue to be put through, and a higher proportion of developments in data centres which now represents 37% of GMG's $12.9bn of work in progress.

ResMed (RMD) gained 13.1% in March despite no specific material company announcements. RMD did however release the results from its 2024 Global Sleep Survey which uncovered a significant number of people suffering from a chronic lack of sleep. We continue to see long-term upside to earnings growth for RMD and believe that a greater emphasis on health awareness should drive more potential patients into the health care "funnel" which could ultimately benefit RMD.

Qube Holdings (QUB) gained 6.2% in the month. There were no company specific announcements in March, however container volumes appear to be remaining robust while agriculture and resources pick-up and Patrick continues to enjoy an elevated level of market share as DP World settles its port dispute.

Key Detractors

Arcadium (LTM) fell 12.6% during the month as the outlook for lithium supply and demand continue to fluctuate. Despite the decline in lithium pricing because of soft battery installation data, there have seen some early signs of restocking by battery producers as the Chinese auto sector looks to ramp up supply post CNY while at the same time, we've seen some small curtailments from lithium producers which should help balance the supply/demand equation.

ANZ Group (ANZ) not held, advanced 3.3% in March. The bank rally has continued to surprise us given the ongoing pressure on net interest margins and expectation for this to continue as rates fall over the coming 6-12 months. Despite our underweight towards the banks and no exposure to ANZ detracting from our recent relative returns, we see no compelling fundamental reason to change this positioning with little to no earnings growth expected from the banks over the next few years.

Newmont (NEM) not held, rallied 17.7% during the month on the back of stronger spot gold prices. We maintain a positive near-term outlook for gold with our preferred holding being Northern Star Resources (NST) and despite NEM outperforming over the month of March, NST has significantly outperformed CYTD, and we continue to prefer its mix of assets and growth profile.

Portfolio Changes

There were minor changes to the portfolio during the month, taking the opportunity to continue to increase our positions in BHP Group (BHP) and CSL Ltd (CSL) following some underperformance relative to peers and/or the broader market. Despite some near-term pressure on iron ore as the China growth story softens and real estate construction remains subdued, BHP remains highly profitable given its low cost of production while we continue to prefer its ~30% exposure to copper following the acquisition of OZ Minerals in 2023. CSL remains one of our preferred quality growth names and we see long-term double-digit earnings growth being achievable.

To help fund these increases, we continued to take profits from the recent bank rally and reduced our exposures to both Commonwealth Bank (CBA) and National Australia Bank (NAB) as we believe that the big four banks face a challenging environment for the remainder of FY24 and FY25 as numerous cost and funding pressures weigh on earnings.

Outlook

We remain cautiously optimistic over the medium to longer-term for large cap Australian equities and expect mid to high-single digit returns for the domestic market for 2024. However, given the strong start to the year and current level of valuations we wouldn't be surprised to see a period of consolidation in the coming months as investors wait for potential rate cuts in the US and further clarity on the earnings outlook domestically before the market could move materially higher from here.

Positioning for this, we've maintained our slight growth bias within the portfolio and continue to see opportunities to add value by favouring high quality businesses (GMG, CSL, MQG and Brambles) with strong balance sheets (WES), low relative debt (BHP and CSL) and who can compound solid earnings growth (XRO and Qube) regardless of the economic cycle.

Given the ongoing macroeconomic uncertainties however, we've maintained exposures to more defensive parts of the market such as health care, infrastructure, and consumer staples.

Platforms:	BT Panorama: DAM0411AU HUB24: INF008 Netwealth: MACC000380 CFS Edge: EIRNINFCAE	**Minimum Investment Horizon:**	3 to 5 years
Asset Class:	Australian Equities	**Minimum Investment Amount:**	A$25,000
Style:	Active	**Investment Management Fee:**	0.5184% p.a.
Benchmark Index:	S&P/ASX 200 Total Return Index	**Portfolio AUM:**	$552m