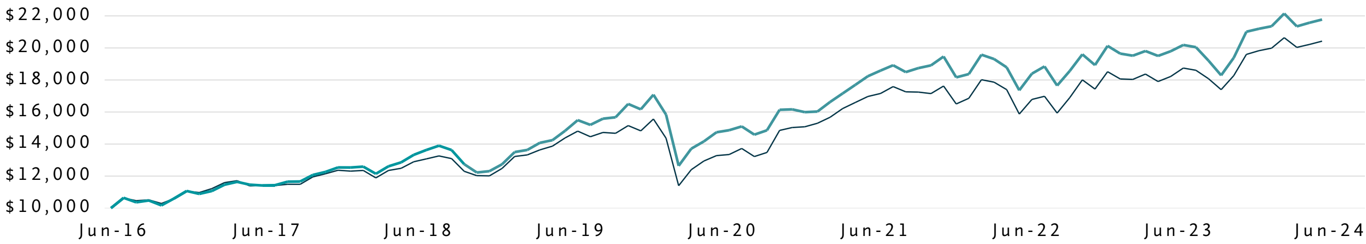
INFINITY CORE AUSTRALIAN EQUITY PORTFOLIO

JUNE 2024

Investment Objective

To deliver outperformance above the benchmark over rolling 3 year periods before fees.

Growth of $10,000



— CORE AUSTRALIAN EQUITY PORTFOLIO — BENCHMARK

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.

Performance

	1mth	3mths	6mths	1yr (p.a.)	3yrs (p.a.)	5yrs (p.a.)	Since Inception
Portfolio	0.93%	-1.69%	3.62%	10.00%	6.09%	7.98%	117.71%
Benchmark	1.01%	-1.05%	4.22%	12.10%	6.37%	7.26%	104.22%
Excess Return	-0.08%	-0.64%	-0.60%	-2.10%	-0.28%	0.72%	13.49%

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.

Top 10 Holdings

Company	Portfolio	Benchmark
BHP Group Ltd	13.72%	9.37%
CSL Ltd	9.89%	6.17%
Commonwealth Bank of Australia	8.97%	9.23%
Macquarie Group Ltd	8.03%	3.15%
National Australia Bank Ltd	7.52%	4.86%

Company	Portfolio	Benchmark
Goodman Group	5.85%	2.60%
Wesfarmers Ltd	4.88%	3.20%
Qube Holdings Ltd	3.70%	0.28%
ResMed Inc	3.69%	0.75%
Xero Ltd	3.61%	0.84%

Portfolio Overview

Platform Availability	Asset Class	Style	Benchmark Index
BT Panorama: DAM0411AU HUB24: INFoo8 Netwealth: MACC000380 CFS Edge: EIRNINFCAE	Australian Equities	Active	S& P / ASX 200 Total Return Index

Minimum Investment Horizon: 3 to 5 years

Minimum Investment Amount: A$25,ooo

Investment Management Fee: refer to PDS

Portfolio AUM: $559m

Multi Asset Class Winner 2020 IMAP MANAGED ACCOUNT AWARDS

IMAP MANAGED ACCOUNT AWARD FINALIST MULTI ASSET

IMAP MANAGED ACCOUNT AWARD FINALIST MULTI ASSET

Superior SQM RESEARCH

Sector Positioning

Sector	Portfolio	Benchmark
Financials	24.52%	31.54%
Materials	22.20%	20.73%
Health Care	15.52%	10.07%
Industrials	9.28%	6.69%
Real Estate	7.78%	6.53%
Information Technology	5.66%	3.15%

Sector	Portfolio	Benchmark
Consumer Discretionary	4.88%	7.20%
Cash	2.91%	0.00%
Energy	2.57%	4.76%
Consumer Staples	2.51%	4.15%
Utilities	2.17%	1.54%
Communication Services	0.00%	3.64%

Market Commentary

The Australian equity market finish the 2024 financial year off on a positive note in June, with the S&P/ASX 200 gaining 1.0% and extending the FY24 total return to 12.1%, the second consecutive double-digit financial year return for the Australian equity market.

Financials (+5.1%) was the best performing sector in June led by strong 5%+ gains across the banks, insurers and diversified financial services industries. Financials was also the best performing sector over FY24, returning 29.2% despite forward earnings expectations for the major banks being downgraded throughout the year.

The other major winners over the financial year included the IT (+28.4%), REIT (+24.6%) and discretionary (+22.7%) sectors driven by cloud and AI demand, the prospect of falling rates and robust employment and wage inflation respectively.

The materials sector (-6.5%) was the worst performing sector during the month and didn't do much better over FY24 as one of only three sectors to finish in negative territory with a loss of 2.3%. Ongoing concerns about the state of China's growth in June weighed on commodity prices.

Large caps (+2.1%) outperformed small caps (-1.4%) in June while growth (+3.2%) outperformed value (-0.3%) This was a similar trend over FY24 with large caps (+14.9%) outperforming small caps (+9.3%) and growth (+12.4%) outperforming value (5.8%).

Earnings revisions during the month were negative (-0.6%), with minor downgrades to resources, health care and industrials overshadowing small upgrades to IT, REITs and communications. As a result of the downgrades and near-record highs on the ASX, the forward price to earnings multiple expanded further to ~17.0x. While this is towards the upper end of what we would consider "fair value", we maintain our cautiously optimistic outlook over the next 12 months as global rate cuts become more imminent, particularly in the US.

Portfolio Commentary

The portfolio advanced 0.93% in June but underperformed the S&P/ASX 200 Total Return Index by 0.09%. Underperformance was a result of a negative contribution from top-down sector allocations which offset positive contributions from bottom-up stock selection.

The positive contributions predominantly came from our stock selection within the REIT and industrials sectors through our overweight exposures to Goodman Group (GMG) together with Qube Holdings (QUB) and Brambles (BXB).

Over the full FY24 period the portfolio delivered a total return of 10.0%, which was 2.10% behind the S&P/ASX 200 Total Return Index return of 12.1%. The main detractors to the relative performance of the portfolio over the year were our underweight towards financials, the best performing sector, and more specifically the big four banks, together with our overweight in health care which underperformed as a sector as well as our lithium exposure via Arcadium (LTM) and Mineral Resources (MIN) which have been impacted by an oversupply relative to softer than expected demand growth. Despite the underperformance, we remain confident in the portfolio positioning and continue to believe that the major banks look unattractive with stretched valuations, negative earnings growth and a challenging margin environment and we are therefore maintaining our underweight positions.

Similarly, we remain confident in our overweight position in the health care sector despite recent market concerns regarding potentially disruptive new drugs and therapies. We continue to believe that positions in CSL Ltd (CSL) and ResMed (RMD) can compound double digit earnings growth through FY25 and beyond and deliver strong long-term returns for shareholders.

Portfolio Characteristics

Characteristic	Portfolio
Beta	1.08
Dividend Yield (Gross)(%)	4.58%
PE Ratio (1yr Forward)(x)	19.66x
P/CF (x)	13.89x

Characteristic	Portfolio
P/BV (x)	2.68x
ROE (%)	12.52%
Tracking Error (%)	2.97%

Stock Attribution

Top three Companies	Positive
Macquarie Group	0.34%
Fortescue	0.25%
CSL Ltd	0.20%

Bottom three Companies	Negative
Mineral Resources	-0.45%
Arcadium Lithium	-0.37%
ResMed	-0.24%

Sector Attribution

Top three sectors	Positive
Real Estate	0.24%
Industrials	0.18%
Energy	0.12%

Bottom three sectors	Negative
Materials	-0.32%
Consumer Discretionary	-0.22%
Communication Services	-0.09%

Key Contributors

Macquarie Group (MQG) gained 7.2% in the month despite a lack of material company specific announcements. There was no shortage of deal flow information in June however, with MQG involved in some small divestments together with ongoing investments in green energy projects. This slight increase in activity reinforces our positive investment thesis where be believe that MQG will be able to generate strong profit growth in the coming years from asset realisations and performance fees across the MacCap and Macquarie Asset Management businesses.

Fortescue (FMG) not held, declined 13.5% in June on the back of ongoing concerns about the growth outlook for China and subsequent 5.6% decline in iron ore. We remain broadly neutral commodities and slightly underweight bulk commodities, preferring diversified miners like BHP and its exposure to industrial/future facing commodities like copper.

CSL Ltd (CSL) advanced 5.4% during the month, outperforming the broader health care sector. There was no company specific news out, however our confidence continues to grow heading into the FY24 result in August with many of the negative overhangs such as the failure CSL112 trial, downgrades to Vifor and approval of competitor Vyvgart in CIPD now largely behind CSL. This should allow investors to refocus on gross margin improvements within the plasma business and double-digit earnings growth that we believe can be compounded over the coming few years.

Key Detractors

Mineral Resources (MIN) fell 24.8% in June on the back of a declines in both iron ore and lithium. MIN announced mid-month that it would be ceasing iron ore shipments from its Yilgarn Hub operations by 31 December 2024 following an assessment which confirmed that it was not financially viable beyond the end of the calendar year. While the market may have seen this as disappointing, we viewed it as a prudent decision with much of the digger fleet and employees being able to be redeployed to other projects which are being ramped up such as the Onslow Iron project which is low-cost and long life which we believe should be able to drive higher returns on capital going forward.

Arcadium Lithium (LTM) declined 25.9% during the month following reports that lithium supply continues to grow above demand which in turn will likely drive inventories higher. As a result, we saw a sharp decline in lithium spot prices. Despite continuing to weigh heavily on the share price, we remain confident that LTM's contracts are sound with pricing floors, and we see some potential geopolitical events on the horizon which may disrupt the supply of lithium later in the year including rising trade tensions between the US and China and as a result we've maintained our position in LTM.

ResMed (RMD) lost 7.3% in June following the release of the SURMOUNT-OSA (obstructive sleep apnea) study which assessed the efficacy of GLP-1 weight loss drugs on improving sleep apnea. While the study highlighted that combination therapy (GLP-1 + a RMD like CPAP device) was numerically better on all accounts (vs GLP-1 or CPAP alone) it did show a shift in severity of ~22% of patients down to only mild OSA. We saw the sell-off as an overreaction to results that were largely as expected and subsequent meetings with US physicians reinforced our view that demand for sleep apnea devices remains strong and the overall increase in health awareness that GLP-1 weight loss drugs is bring to the market could ultimately drive the total addressable market for sleep apnea devices higher. We therefore took the opportunity to top up our position in RMD during the month.

Portfolio Changes

We made several changes to the portfolio during the month as we reviewed our positions heading into the end of the financial year and upcoming corporate reporting season. Following the NSW Supreme Court approval of Altium's (ALU) scheme meeting for shareholders to vote on the Renesas Electronics takeover proposal we exited our position as there was limited further upside to the takeover price.

We replaced ALU with a new position in WiseTech Global (WTC). WTC designs and develops cloud-based logistics software solutions for the freight forwarding industry across 165+ countries. The company's primary solution, CargoWise, is used by 13 of the top 25 global freight forwarders providing WTC with a competitive advantage and growing network effect.

During the month we also increased our positions in Northern Star Resources (NST), Sonic Healthcare (SHL), Wesfarmers (WES) and Xero (XRO). NST remains our preferred gold exposure and we continue to see a positive backdrop for the commodity as the potential for looser monetary policy in the US post the election and future rate cuts from the Fed should support spot pricing. Regarding SHL, we're looking for an end to the recent string of downgrades to provide a floor and potential turnaround for the share price at the upcoming FY24 result in August. Despite ongoing cost of living pressures, we continue to believe that WES is well placed to capture market share with its competitively priced offerings through Bunnings and Kmart. Lastly XRO relatively new management team continues to impress us, and we believe that ongoing sustainable growth can be achieved through upcoming price increases together with ongoing solid subscriber growth.

To fund the above increases, we decided to take some profits from Goodman Group (GMG) and trim our positions in James Hardie (JHX), Transurban (TCL) and Woodside (WDS).

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. Despite the Australian equity market nearing record highs and valuations moving towards the upper end of our “fair value” range we can see a pathway for earnings growth to continue to improve as GDP accelerates from current lows.

We acknowledge that we have seen more upward pressure on local CPI and an increase in the probability that the RBA’s next move could be a rate hike versus a rate cut. However, we’re not in the camp of believing that the RBA will raise rates this year, although the ability to cut looks increasingly likely to be pushed out. Therefore, the primary driver of higher equity markets over near-term in our view will be the latest round of economic reports in the US which have reinforced speculation that the Fed could cut rates sooner rather than later as the government marked down personal spending, while separate releases showed declines in factory orders and shipments, weakness in the jobs market and a slide in homebuying activity.

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, and MQG) with strong balance sheets (WES), low relative debt (BHP and CSL) and who can compound solid earnings growth (XRO, WTC and QUB) 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.

Investment Philosophy

We take a long term approach to investing in Australian equities and believe that value for investors can be created by focusing on quality companies which have sound fundamentals with solid earnings growth and that are attractively priced.

Designed for Investors Who

Seek exposure to a mix of large cap Australian equities listed within the S&P/ASX 200 Index. Investors need to be able to tolerate a high level of investment risk that includes the potential for negative returns in any single year.

Portfolio Management Team

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