

Market and Model Commentary

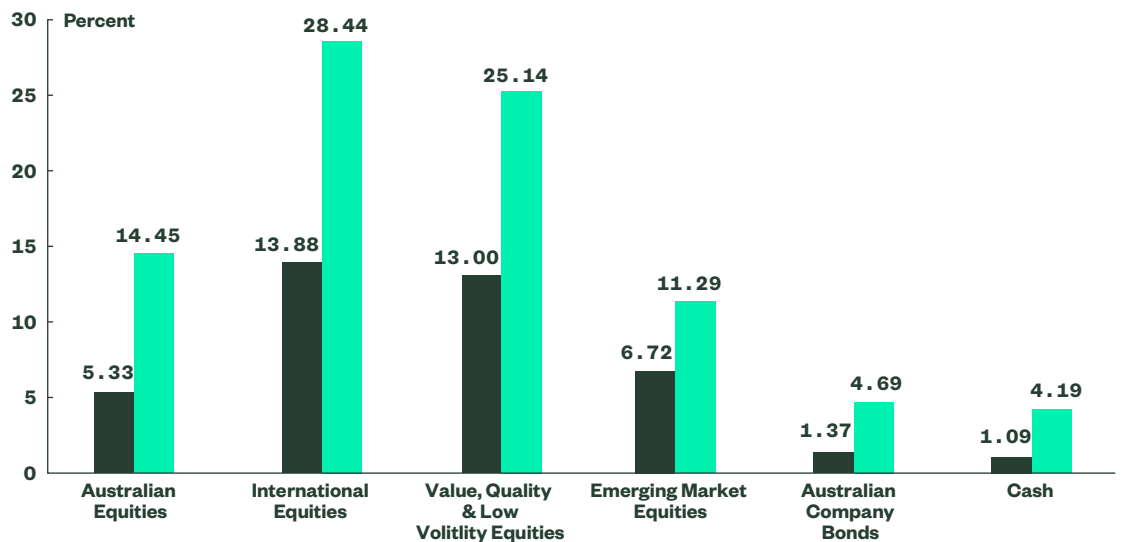
- Economic activity improved across the globe during the first quarter of 2024.
- Despite this inflation measures continued to decrease, as expected.
- Bond markets and stock markets had positive performance for the first quarter of 2024.

The Economy in Review

- Data showed that the United States economy is growing steadily, while the European economy rebounded from a downturn. Business activity in Japan also remained solid and conditions in China improved.
- With the slowdown in the rate of inflation most central banks shift towards easing monetary policy.
- The Australian economy expanded by 1.5% in 2023, well below the 3.0% average experienced since 2021.
- For the first time in two years, the Reserve Bank of Australia (RBA) did not discuss a rate hike at their last meeting, according to the March meeting minutes.

Figure 1
Asset Class Performance¹

■ 3 Month Return
 ■ 1 Year



Source: As of 29 March 2024, Bloomberg Finance L.P, MSCI and S&P Dow Jones Indices. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Past performance is not a reliable indicator of future performance. Australian Equities: S&P/ASX 200 Total Return Index; International Equities: MSCI World Net Total Return AUD Index; Value, Quality and Low Volatility Equities: MSCI World Factor Mix A- Series (AUD) Net Total Return Index in AUD; Emerging Markets Equities: FTSE Emerging Markets All Cap China A Inclusion Net Tax Index (AUD); Australian Corporate Bonds: Bloomberg AusBond Credit 0+ Yr Index; Cash: S&P/ASX Bank Bill Total Return Index.

- **Australian equities** were up 5.3% for the fourth quarter of 2024²
- **International equities** were positive, 13.9% for the fourth quarter of 2024³
- **The combined value, quality & low volatility equity** factor investment strategy was up 13.0% for the first quarter of 2024.⁴
- **Emerging market equities** were up 6.7% for the fourth quarter of 2024⁵
- Australian company bonds were up, 1.4% for the fourth quarter of 2024⁶
- **Cash** returns in Australia were up 1.1% for the fourth quarter of 2024⁷

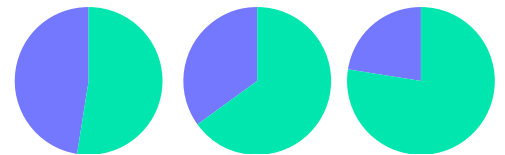
Factor investing is a 'rules-based' approach to investing. These strategies seek to capture specific investment characteristics such as value and quality. Why? Academic research has lead documented long-term outperformance of factors.

History tells us that over long term equally combining the below 3 factors can leads to outperformance

- Value companies with attractive fundamental ratios like Price/Book, Price/Earnings, Price/Cash Flow and Dividend Yield.
- Low volatility companies that are less likely to fluctuate dramatically, and tends to be more steady.
- Quality companies are those with high and stable profitability, and low leverage.

Figure 2

**Target Model
Portfolio Allocations**



Ticker	Asset Class	ETF Name	Moderate (%)	Balanced (%)	Growth (%)
	Growth		52.5	65.0	77.5
QMIX	International Equities	SPDR MSCI World Quality Mix Fund	25.0	30.0	35.0
STW	Australian Equities	SPDR S&P/ASX 200 Fund	22.5	27.5	32.5
VGE	Emerging Market Equities	Vanguard FTSE Emerging Markets Shares ETF	5.0	7.5	10.0
	Defensive		47.5	35.0	22.5
GOVT	Australian Government Bonds	SPDR S&P/ASX Australian Government Bond Fund	12.5	7.5	2.5
VACF	Australian Credit	Vanguard Australian Corporate Fixed Interest Index ETF	20.0	15.0	15.0
BILL	Cash	iShares Core Cash ETF	12.0	9.5	2.0
	Cash	Cash Liquidity Implementation	3.0	3.0	3.0

Important Information Source: State Street Global Advisors as of 30 June 2023. Model Portfolio Allocations presented above are hypothetical and have been provided for illustrative purposes only. They do not reflect the results of the actual trading of any account or group of accounts and actual results could differ substantially. A model portfolio is an allocation to a list of funds that are group together. Where a model portfolio is offered on an investment platform, investors who select it effectively instruct the platform operator to acquire units in the ETFs that comprise the model portfolio. The model portfolio described above has not been implemented by State Street, so the results are hypothetical.

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Performance Summary

For the fourth quarter of 2024, the Australian equity strategy and the multi factor strategy that combines value, quality & low volatility type equities was the major contributor to total return. Emerging market equities also positively contributed to total return but to a lesser extent when compared to developed equities. Looking at fixed income, Australian Corporate bonds and government were positive for the quarter. Therefore, the bond component of the asset allocation positively impacted portfolios total return.

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Endnotes

- 1 All returns as at 29 March 2024. Index returns reflect capital gains and losses, income, and the reinvestment of distributions. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Past performance is not a reliable indicator of future performance.
- 2 Source: S&P/ASX 200 Total Return Index.
- 3 Source: MSCI World Net Total Return AUD Index.
- 4 Source MSCI World Factor Mix A- Series (AUD) Net Total Return Index in AUD.
- 5 Source: FTSE Emerging Markets All Cap China A Inclusion Net Tax Index (AUD).
- 6 Source: S&P/ASX Australian Fixed Interest — Total Return Index.
- 7 Source: S&P/ASX Bank Bill Total Return Index.

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- Build from breadth
- Invest as stewards
- Invent the future

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* Pensions & Investments Research Center, as of December 31, 2022.

[†] This figure is presented as of December 31, 2023 and includes approximately \$64.44 billion USD of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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ID2100704-5603020.51.ANZ.INST 0424
Exp. Date: 31/07/2024