Monthly Update

31 March 2023

Issued by
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Professionally Managed Accounts
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InvestSMART Growth Portfolio

March Quarterly review

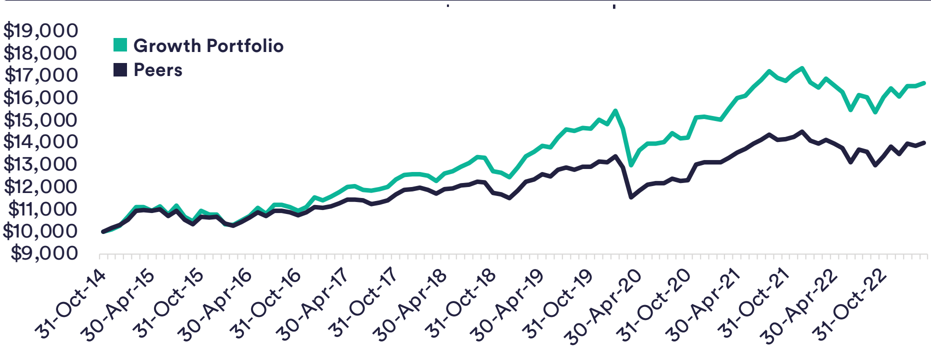
The Growth portfolio finished the March quarter relatively well, adding 3.9 per cent after fees as international equities rallied. This saw it outperformed peers by 0.12 per cent for the quarter.

Since inception the portfolio is averaging 6.25 per cent after fees per annum which is a full 2.2 per cent better than our peers.

The quarterly review of the portfolio was conducted by the Investment Committee on the 7th of March 2023. It was agreed that all current ETFs used in the Growth portfolio were fit for purpose and no changes apart from any rebalancing changes below were recommended.

Over the March quarter the Growth portfolio was rebalanced to meet weighting obligations of a Growth profile in the following way:

Peformance of $10,000 since inception



Performance vs Peers

	1 yr	3 yrs p.a	5 yrs p.a	7 yrs p.a	SI p.a
Growth Portfolio	-1.0%	8.8%	6.3%	6.8%	6.3%
Peers	-1.0%	6.6%	3.6%	4.3%	4.1%
Excess to Peers	0.0%	2.2%	2.7%	2.5%	2.2%

InvestSMART Growth fees are 0.55% p.a vs average of 774 peers 1.44% p.a.
Grow your returns, not your fees with InvestSMART Capped fees.

Portfolio mandate

The Growth Portfolio is an exciting choice if you're saving for long term goals (5-years-plus) or you want to grow wealth for the future.

The objective is to invest in a portfolio of 5 - 15 exchange traded funds (ETFs), with more of an emphasis on 'growth' assets like shares and property that have the potential to appreciate in value over time.

$10,000
Minimum initial investment

5+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: High
Expected loss in 4 to 6 years out of every 20 years

Morningstar AUS Growth Target Allocation Net Return (NR) AUD
Benchmark

VBND increased 1 per cent to a 11 per cent weighting while IAF increased its weighting by 0.5 per cent to a 11.5 per cent weight.

This 1.5 per cent change came out of AAA which moved from a 14 per cent weighting to 12.5 per cent weighting at the end of the quarter. All other holdings remained the same.

Growth weightings
as at 31 March 2023

Security	Dec	Mar	Change
AAA	14.00%	12.50%	**-1.50%**
IAF	11.00%	11.50%	**0.50%**
IFRA	3.00%	3.00%	0.00%
IOZ	28.00%	28.00%	0.00%
VGS	30.00%	30.00%	0.00%
VAP	3.00%	3.00%	0.00%
VBND	10.00%	11.00%	**1.00%**
CASH	1.00%	1.00%	0.00%
	100.00%	100.00%	

Performance of Individual Holdings

VGS – Vanguard MSCI Index International Shares ETF

After a very difficult year for international equities in 2022, 2023 has started to claw back some of those losses.

VGS is dominated by the US S&P 500 and after a poor 2022, the first quarter of 2023 has started with a very solid 7 per cent quarterly gain. However the S&P wasn't the best performer in the VGS basket as the big three European indices in the DAX (Germany), the CAC (France) and MIB (Italy) added over 10 per cent each to 31 March.

Overall VGS finished the first quarter of 2023 up 9.3 per cent on a total returns basis. To put that in perspective, it lost 12.3 per cent on a total return basis for all of 2022.Since inception, VGS has provided an average of 11.5 per cent per annum. That is why it remains a major part of any portfolio.

IOZ – iShares S&P/ASX 200 ETF

A very strange three months for the ASX 200 (which is replicated by IOZ), the best start to a year for the ASX 200 since its founding in March 2000, up 6.5% in January alone. February saw the reporting season for the first half of financial year 2023 which brought some reality to the market as firms showed that revenues are slowing due to higher rates. March saw a recovery of sorts as expectations grew that the RBA has completed its hiking cycle and that over the coming year it will be forced to cut rates to improve economic activity.

All this saw IOZ on a total returns basis adding 3.42 per cent to 31 March. Since inception IOZ has given an average of 7.8 per cent on a total returns basis.

AAA – Betashares Australian High Interest Cash ETF

The 2022 cash renaissance continued in the March quarter as the RBA increased the cash rate a further 50 basis points to 3.6 per cent. This pushed the total returns on AAA to a new record high as the yield hit 3.7 per cent.

IAF – iShares Core Composite Bond ETF

Coming off the most difficult year in IAF's history, the March quarter provided some much-needed relief.

Having seen the fastest increase in the cash rate by the RBA in its history, bonds had to deal with inflation levels not seen since the '80s and the fear of a debt crash.

Thankfully, the March quarter has seen those fears dissipate as inflation has started to ease, although it still remains stubbornly high.

The Australian Commonwealth Government Bond (ACGB) 10-year bond yield started 2023 at 4.04 per cent and by the end of the quarter had fallen 73 basis points to 3.31 per cent -- and has fallen further to start the second quarter. This movement was not exclusive to the ACGB 10 year either -- similar falls in yields were seen across all maturities.

VBND – Vanguard Global Aggregate Bond Index ETF

VBND, like its domestic peer, was coming off a particularly bad year and has had a much better start to 2023 than 2022.

VBND is heavily dominated by US bonds and the US Federal Reserve's inflation-busting program that has seen the Federal Funds Rate move from record lows to 4.75 to 5.00 per cent as of 31 March has been behind VBND's performance.

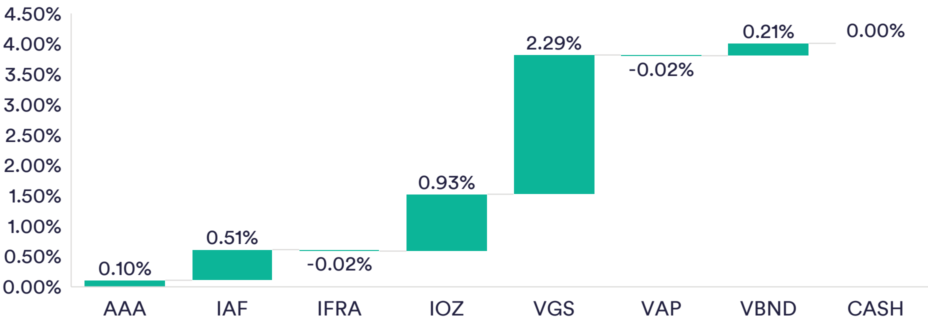
However, the market is now working on the idea that the US Federal Reserve has almost finished its hiking cycle and that over the coming years the Federal Funds Rate will fall. This saw the US 10-year falling 40 basis points to 3.49 per cent come 31 March and it has fallen further to start the June quarter. This snapped VBND out of a year-long losing streak.

VAP - Vanguard Australian Property Securities Index ETF

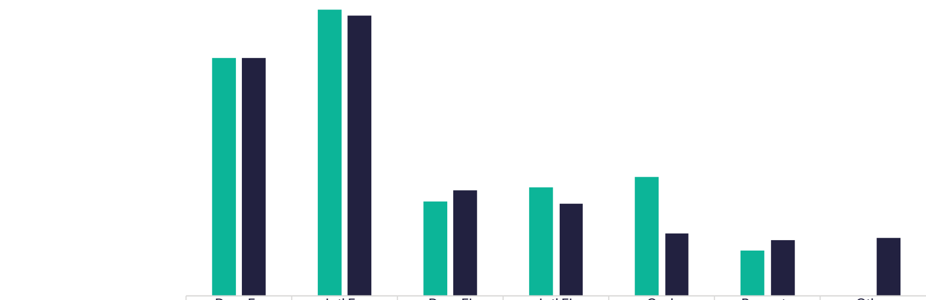
A tough year for Australian property has followed through into 2023. With property's exposure to high funding costs plus the fact commercial rents in the post-COVID world have not returned to pre-pandemic levels saw VAP dead-flat on a total return basis for the quarter. It was not helped by the fact VAP lost 6.85 per cent in March as several listed entities reported poor numbers due to the reasons listed earlier.

We should point out that VAP is well diversified and holds high quality assets in a range of property fields, from industrial to commercial to residential. This diversification however was, and is, being ignored and with the threat of further rate rises in 2023 VAP remains in the short term a risk. But with migration on the up and rental properties now few and far between, there is likely to be an increased demand for property over the coming year that should start to offset some of the other issues the sector is facing.

Monthly attribution of returns

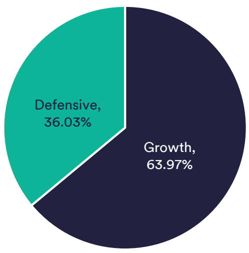


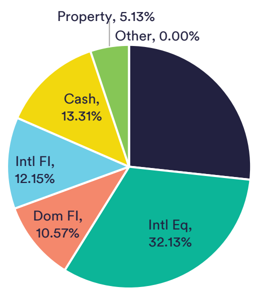
Asset allocation vs Peers



	Dom Eq	Intl Eq	Dom FI	Intl FI	Cash	Property	Other
InvestSMART Core Growth	26.71%	32.13%	10.57%	12.15%	13.31%	5.13%	0.00%
Peers	26.70%	31.41%	11.85%	10.33%	7.00%	6.23%	6.48%

Asset allocation breakdown





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Our Investment Committee

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