

Quarterly Investment Update

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March 2022

AAN Asset Management Pty Ltd

13 April 2022

Investor Letter

Dear Investor,

Decades of peace in Europe were shattered on February 24th, 2022 when Russia invaded Ukraine. We extend our thoughts and sympathy to everyone affected and our hearts go out to all those suffering. What is reassuring is the amount of support throughout the world in standing with Ukraine.

Without trying to diminish the human effects of the invasion, readers of this letter will no doubt be concerned about the effect on their investments. To comprehend the gravity of the situation, we've broken it down into four sections: overview, global reactions, the Russian economy, and global markets.

Overview

The roots of the conflict are best understood by looking at the geography. Ukraine sits with Russia to its east, and Poland, Romania, Slovakia and Hungary to the west. All of those countries to the west are NATO members. Since Ukraine gained independence in 1991, Russia has long resisted Ukraine's move towards the European Union and western democracies. More recently in 2014, Putin's soldiers infiltrated Crimea, annexing the peninsula from the rest of Ukraine, effectively turning it into a Russian state despite going against international law.

Global Reactions

An array of sanctions were placed against Russia following the invasion. The intensity of the sanctions increased through March in a coordinated effort around the world. The most significant of these being the financial measures taken, and the sanctions on oil and gas. Examples of significant government sanctions are below:

- Russian banks' access to the SWIFT international payment system blocked
- Russian aircrafts banned from U.S., EU and Canadian airspace
- EU, U.S., Canada, Japan and others announced travel bans, asset freezes on wealthy Russian individuals
- U.S., EU, Britain, Japan banned transactions with Russian central bank, Ministry of Finance, national wealth fund
- U.S. banned Russian oil and other energy imports (Russia supplies approximately 10% of the world's crude oil, the 3rd largest exporter)

Peace negotiations between Ukraine and Russia are ongoing at the time of writing. Even if an agreement is reached, Europe has realised just how reliant they are on Russia for oil and gas. Europe need to decide what reductions need to be made moving forward, and where energy could be sourced from otherwise. If nothing comes of the negotiations and further military action is the result, what does the West do? Further sanctions could be devastating for Europe given a quarter of its oil and about 40% of its gas comes from Russia.

Russian Economy

Russian economic policymakers went to extraordinary lengths to help maintain financial stability since the invasion. Three key aspects required for macroeconomic stability see Russia in a very uncomfortable position: the exchange rate, monetary policy and capital flows.

The ruble depreciated swiftly from around 80 rubles per USD, to 130 rubles per USD. By the end of March the ruble stabilised somewhat (Figure 1) following decisions to limit the flow of capital outflows and increase the key interest rate in Russia. The central bank took the decision to raise the key interest rate from 9.5% to 20% (Figure 2). Restrictive measures regarding capital flows included orders for Russian exporters to sell 80% of their

Figure 1: Russian Ruble vs USD. Source: tradingeconomics.com

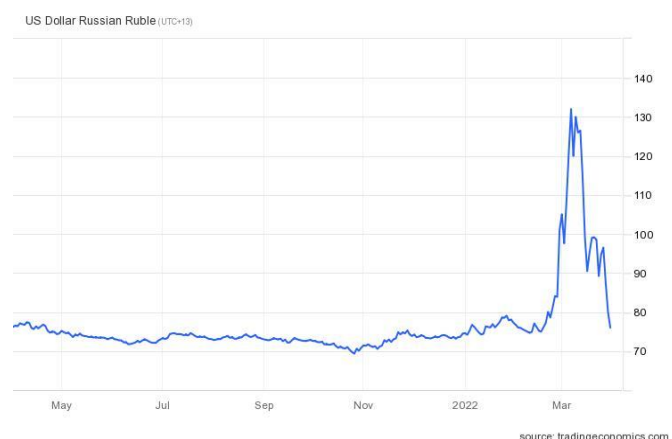


Figure 2: Central Bank of Russia key interest rate. Source: tradingeconomics.com



foreign currency reserves and banning Russians from foreign currency sales for six months. The Russian government also prohibited foreign investors from moving investments out of the country, barred companies from paying dividends to shareholders overseas, and constrained payments to outside investors holding ruble-denominated debt.

The Russia stock exchange was closed on February 25th, but not before a 50% fall in the MOEX Russia index (top 50 stocks).

However, the iShares MSCI Russia ETF was still able to be traded on the NYSE. This ETF was down over 80% year-to-date by the end of March!

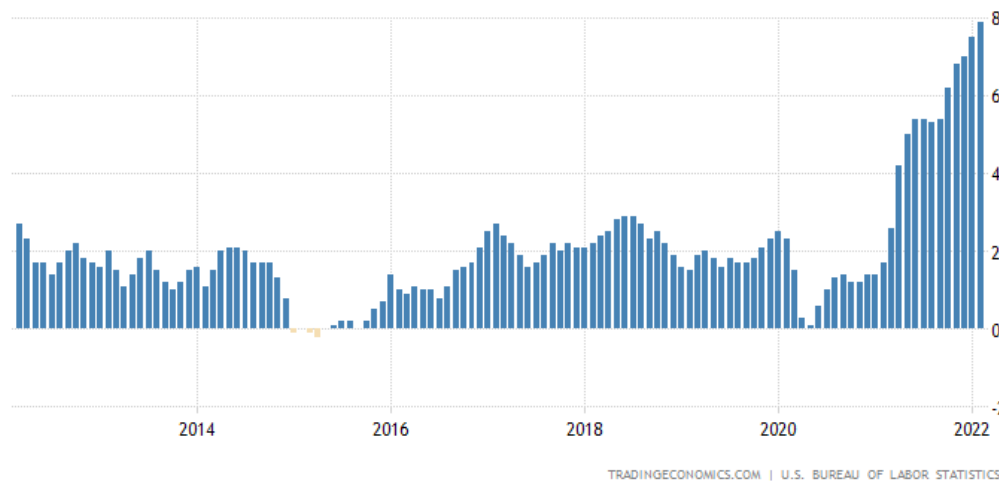
Global Markets

The invasion caused a direct shock to commodity markets. Most notable was the shock to oil and gas markets. The price of Brent crude increased to over USD130 a barrel, whilst WTI reached over USD120. Oil prices were down around USD102-USD108 by quarter-end, in part due to the US announcing that one million barrels of oil per day would be released from its Strategic Petroleum Reserves for a period of six months starting in May. In gas markets, EU natural gas futures spiked at €345 per megawatt-hour intraday on March 7th. A note by JPM estimated that if Russia were to stop supplying gas to Europe, the price of gas would need to average €200/MWh for 2022 to create the amount of demand destruction required to match the loss of Russian gas supply to Europe for the rest of 2022. The quarter-end price was approximately €120/MWh.

Headline equity markets in Europe reached their lowest point in early March with falls of 7%-19% compared to the start of the year. By 31 March these stabilised, with the FTSE 100 even posting a slightly positive return for the quarter, though the DAX was still down 10%. US markets were down 9%-20% at the lowest point, before finishing down 5%-10% by 31 March. The ASX200 performed considerably better through the quarter given the rise in commodity prices, with a positive return of 0.7%.

Bond yields rose considerably through the quarter. Whilst COVID-related disruptions to supply chains worked their way into inflation figures through 2021, the latest expectations of inflation have been exacerbated by the devastating invasion of Ukraine and the consequent disorder to commodity markets. Over the past year the market has moved from expecting 'transitory' inflation, to firm expectations of more sustained inflation.

Figure 3: US Headline Annual Inflation. Source: tradingeconomics.com

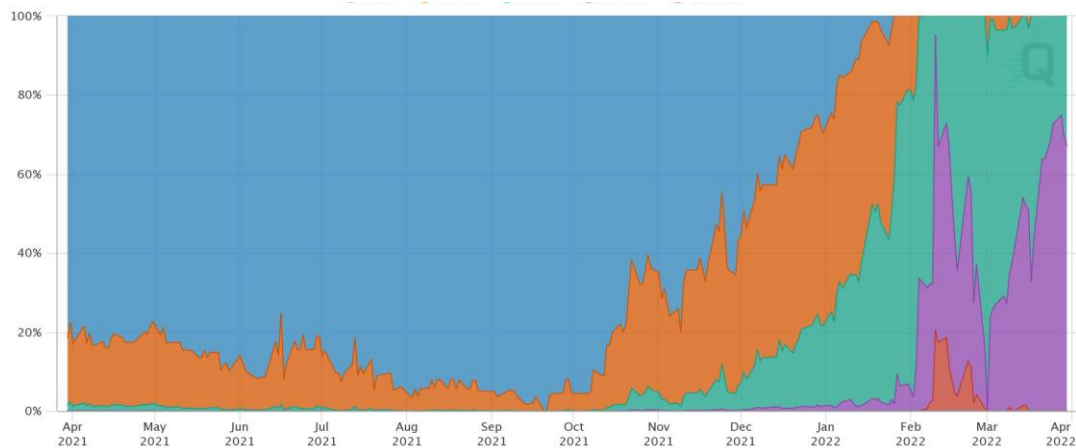


Inflation in the US hit 7.9% in February (Figure 3), the major contributor being energy. This is the highest level since January 1982. Even taking out the effect of energy and food, the CPI figure rose to 6.4% which is the highest in 40 years.

Figure 4 shows the market pricing towards the end of March for the Fed Funds rate decision

on 4th May. The purple area shows what chance the market thinks the Fed will move the rate to 0.75%-1.00% by the 4th May meeting (currently it is 0.25%-0.50%). At the end of March, the market was pricing about a 70% chance. The green area shows the probability the target rate will move to 0.50%-0.75%, so about a 30% chance as at the end of March. Keep in mind that the

Figure 4: Target Rate Probability History for Federal Reserve Meeting on 4 May 2022. Source: cmegroup.com



target rate probabilities are constantly changing. To give the 70% probability more perspective, the market was pricing a probability of just 16% a month earlier.

Expectations of a higher Fed rate pushed up the shorter end of the US yield curve. Yields at the longer end of the curve also increased, though a more pessimistic economic outlook started to weigh

on those longer yields. The net result through the quarter was a broadly flatter yield curve, the US 10Y/2Y gap was down from 86bps to 3bps by the end of March. Parts of the curve actually ended the quarter inverted with the 3Y (2.51%) and 5Y (2.46%) yields higher than the 10Y yield (2.36%).

In Europe, investors are pricing a greater chance of higher ECB policy rates following on from the US. However, the ECB indicated in mid-March that “any adjustments to the key ECB interest rates will take place some time after the end of the Governing Council’s net purchases under the APP and will be gradual.” The deposit facility rate has been -0.5% for the past eight years, but the market is now pricing in 50bps of hikes by year-end to bring it back to zero. Yields increased through the quarter, notably the German 2-year bund broke through into positive territory briefly for the first time since 2014, whilst the 10Y bund was positive for the first time since January 2019 (55 bps by quarter-end).

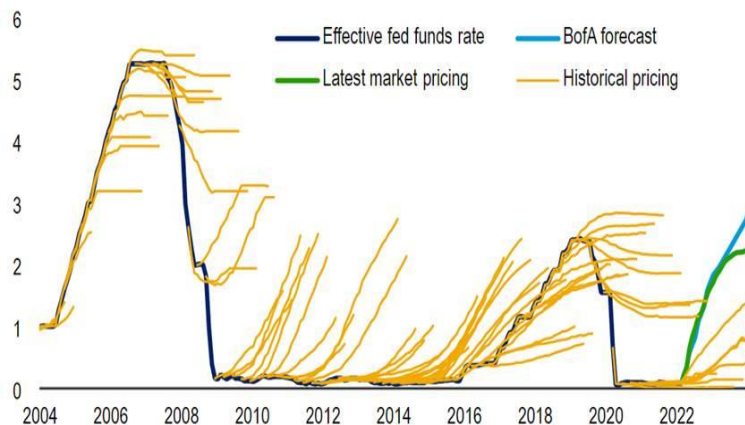
Back down under, Australian GDP figures showed a bounce of 3.4% for the December quarter, following a contraction of 1.9% during the September quarter. The bounce came as NSW, Victoria and ACT surfaced from extended lockdowns. This compares to a pre-COVID growth rate of 0.4% in the December 2019 quarter. The annual rate increased slightly from 3.9% to 4.2% to the end of December 2022.

The RBA kept the cash target 0.10% at the March meeting as inflation increased to 3.5% to the end of December. Whilst inflation is rising, the RBA sighted uncertainties around the persistence of the rise in inflation due to global energy markets and supply-side problems.

Outlook

Going forward, global growth will be lower than was forecast before the invasion. Europe will be the hardest hit. Inflation will continue to rise in the near term. Major uncertainties arise from the impact of energy markets on inflation/growth, but also how quickly supply chains can get back to some sort of normal.

Figure 5: Historical Market Estimates for the US Federal Reserve Funds Rate. Source: Bank of America; Franklin Templeton



A major risk confronting the global economy and markets is a policy mistake from central banks. The RBA is one of the more dovish central banks at this time. Conversely, the US Fed are much more hawkish. How that hawkishness flows through to actual increases in the Fed funds rate remains the major quandary. Figure 5 shows just how hawkish markets have been in the past (yellow lines), whilst more often than not the actual Fed fund rate stayed lower for longer. Gradual hikes may not contain inflation, but more hikes may result in a harder landing than desired.

Regards,
AAN Investment Committee

Investment update

6th March 2022

Unemployment rate

4% in February 2022, down from 4.2% in January 2022.

4%

S&P500 & ASX200

The S&P500 returned -4.95% whilst the ASX200 returned +0.74% for the quarter



Australian dollar

AUD/USD 74.9c, up from 72.9c at the end of 2021.



Iron Ore price

Iron Ore \$153 USD/T + 32% for the quarter.



Australian bonds

Australian bond yield rose 1.11% during the quarter to finish at 2.79%.

2.79%

Gold price

Gold \$2,588AUD/oz + 3.29% for the quarter



Model performance

The AAN Index Growth Model was the best performing model for the quarter with performance of -2.96% and 11.26% pa for the last 3 years.



Oil price

Brent crude \$108 USD/bbl +40% for the quarter. WTI crude \$100 USD/bbl + 33% for the quarter.



Inflation measures

US annual inflation up from 7.5% to 7.9% to February; Australian annual inflation up 3% to 3.5% to end of December 2021.



Volatility Index

VIX ranged between 16 and 36 over the quarter.



US 10Y, 10Y/2Y

US 10Y Treasury reached 2.35% by quarter-end, with the US10Y/2Y spread dropping to 0.027%.



AAN Core - AC0001

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0001
Investment Fee	0.48% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	05 Feb 2016
ICR	0.45% p.a.
Indicative No. of Holdings	Unlimited

Investment description

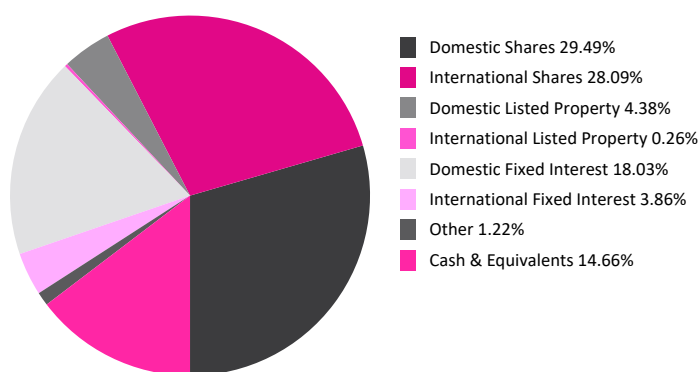
The Core portfolio is an actively managed portfolio providing a diversified exposure with a neutral tilt towards growth asset classes (65%) relative to defensive asset classes (35%). The portfolio is constructed using a multi-manager approach which seeks to incorporate a blend of investment styles. The portfolio will generally be reweighted to its strategic weights quarterly and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The Core portfolio's investment objective is to outperform CPI by 3.0% p.a before fees over rolling 5-year periods.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

PERPETUAL DIVERSIFIED REAL RETURN W	20.96%
VANECK AUSTRALIAN EQUAL WEIGHT ETF	10.95%
VANECK MSCI INTERNATIONAL QUALITY ETF	8.56%
FRANKLIN GLOBAL GROWTH W	7.95%
VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF	6.88%

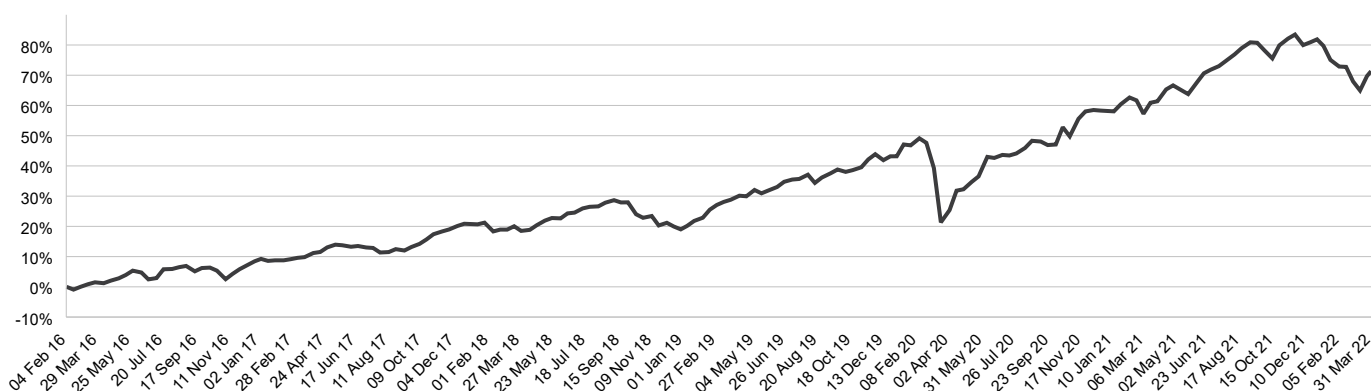
Top 5 holdings represent 55.3% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	2.01%	-6.06%	-3.81%	6.33%	9.94%	9.07%	9.14%

Returns over time



The Model

Major changes included a reduction in exposure to Hyperion, Bennelong and VanEck, whilst adding an allocation to the BlackRock Index - Top 20. The exposure to VanEck Australian Equal Weighted ETF was reduced to maintain equal weighting to managers, and removing possible style bias.

Notable investments

The direct equity models trimmed/added around existing positions. The weighting to BHP was increased given changes to the ASX. Franklin Templeton added Amadeus IT Group.

AAN Core - AC0001

As at 31 Mar 2022



Franklin Global Growth Fund: the fund underperformed in an environment of significant volatility. Given that higher interest rates impact longer-duration assets, growth stocks experienced a relatively strong drawdown, particularly in Information Technology and tech-adjacent sectors, creating headwinds for the higher-growth strategy.

CSL: this was hit with the general de-rating of growth stocks over the past three months but also due to the change in index composition with BHP coming back to being solely listed on the ASX. BHP is now the biggest stock on the market at around 11%. The re-weighting on this in the index saw a sell down of CSL for many institutional investors and index aligned funds, passive and Quant. The Vifors acquisition has been taken by the market as something unknown as it's a new business for CSL, it has some patents rolling off and nearly all that participated in the equity raise for the acquisition got their allocation so this created some uncertain sentiment around the stock. CSL reported well though, blood/plasma collections are rising and increasing again and this will be the main catalyst for the rebound in the share price but it's unlikely this will be seen until August when they report their year-end numbers.

Block Inc.: Block reported a strong result for both the Cash App and Square Ecosystems, scaling well and continuing momentum above pre-COVID levels. The completion of the Afterpay acquisition in February '22 further strengthens the ecosystem offering. Continued product enhancements and engagements to both end users driving customer acquisitions.

Performance

The AAN Core model returned -6.06% (before expenses) this quarter, bringing the rolling 12 month total to 6.33%.

Each asset class detracted from performance over the quarter, the key drivers being International Shares and Domestic Shares. Within this, Franklin Global Growth and QUAL detracted the most. Small positive portfolio contributions came via Block Inc (SQ2) and BHP.

Best performing holdings included:

- BHP Group (BHP) +36%.
- Corporate Travel Management (CTD) +8%.

Underperformers included:

- BWX -49%.
- Reliance Worldwide Corporation (RWC) -31%.
- City Chic Collective (CCX) -38%.

General Advice Warning

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Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings.

AAN Growth - AC0002

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0002
Investment Fee	0.52% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	02 Sep 2016
ICR	0.29% p.a.
Indicative No. of Holdings	Unlimited

Investment description

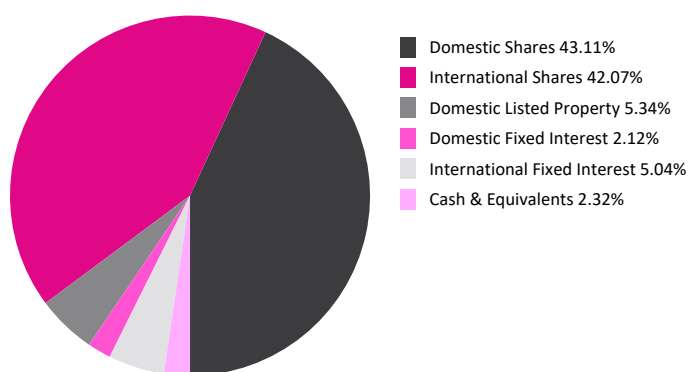
The Growth portfolio is an actively managed portfolio providing a diversified exposure with a focus on growth asset classes (90%) relative to defensive asset classes (10%). The portfolio is constructed using a multi-manager approach which seeks to incorporate a blend of investment styles. The portfolio will generally be reweighted to its strategic weights quarterly and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The Growth portfolio's investment objective is to outperform CPI by 4.0% p.a before fees over rolling 7-year periods.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

VANECK AUSTRALIAN EQUAL WEIGHT ETF	14.43%
VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF	11.31%
VANECK MSCI INTERNATIONAL QUALITY ETF	11.2%
FRANKLIN GLOBAL GROWTH W	11%
BETASHARES AUSTRALIA 200 ETF	5.72%

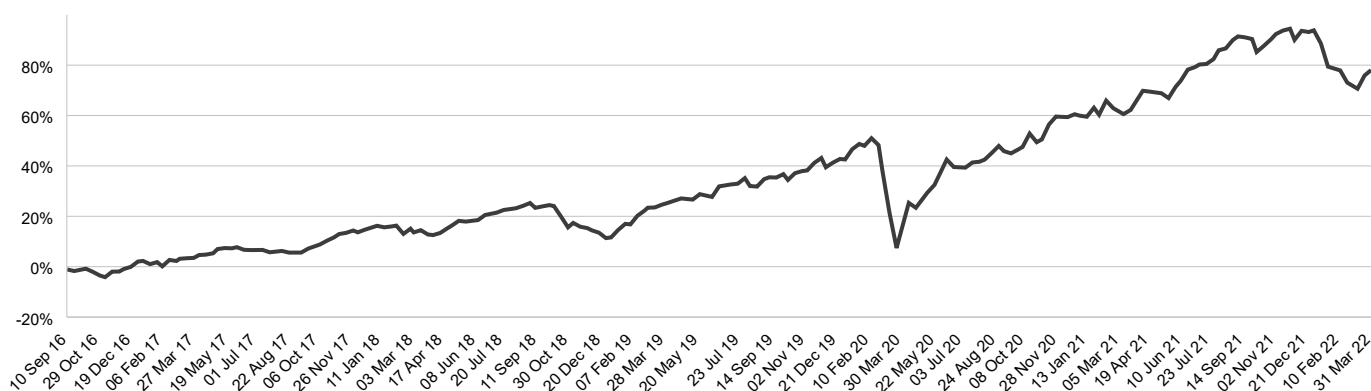
Top 5 holdings represent 53.66% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	3.29%	-8.15%	-4.91%	8.74%	12.66%	11.26%	10.89%

Returns over time



The Model

Major changes included a reduction in exposure to Hyperion, Bennelong and VanEck, whilst adding an allocation to the BlackRock Index - Top 20. The exposure to VanEck Australian Equal Weighted ETF was reduced to maintain equal weighting to managers, and removing possible style bias. Index based investments administered by BetaShares and Vanguard were reduced to make way for a 10% allocation to the Perpetual Diversified Real Return Fund.

Notable investments

The direct equity models trimmed/added around existing positions. The weighting to BHP was increased given changes to the ASX. Franklin Templeton added Amadeus IT Group.

AAN Growth - AC0002

As at 31 Mar 2022



Franklin Global Growth Fund: the fund underperformed in an environment of significant volatility. Given that higher interest rates impact longer-duration assets, growth stocks experienced a relatively strong drawdown, particularly in Information Technology and tech-adjacent sectors, creating headwinds for the higher-growth strategy.

CSL: this was hit with the general de-rating of growth stocks over the past three months but also due to the change in index composition with BHP coming back to being solely listed on the ASX. BHP is now the biggest stock on the market at around 11%. The re-weighting on this in the index saw a sell down of CSL for many institutional investors and index aligned funds, passive and Quant. The Vifors acquisition has been taken by the market as something unknown as it's a new business for CSL, it has some patents rolling off and nearly all that participated in the equity raise for the acquisition got their allocation so this created some uncertain sentiment around the stock. CSL reported well though, blood/plasma collections are rising and increasing again and this will be the main catalyst for the rebound in the share price but it's unlikely this will be seen until August when they report their year-end numbers.

Block Inc.: Block reported a strong result for both the Cash App and Square Ecosystems, scaling well and continuing momentum above pre-COVID levels. The completion of the Afterpay acquisition in February '22 further strengthens the ecosystem offering. Continued product enhancements and engagements to both end users driving customer acquisitions.

Performance

The AAN Growth model returned -8.15% (before expenses) for the quarter, bringing the rolling 12 month return to 8.74%.

Each asset class detracted from performance over the quarter, the key drivers being International Shares and Domestic Shares. Within this, Franklin Global Growth and QUAL detracted the most. Small positive portfolio contributions came via Block Inc (SQ2) and BHP.

Best performing holdings included:

- BHP Group (BHP) +36%.
- Corporate Travel Management (CTD) +8%.

Underperformers included:

- BWX -49%.
- City Chic Collective (CCX) -38%.
- Reliance Worldwide Corporation (RWC) -31%.

General Advice Warning

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Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings.

AAN Australian - AC0003

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0003
Investment Fee	0.65% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	30 Jan 2017
ICR	0.1% p.a.
Indicative No. of Holdings	Up to 50

Investment description

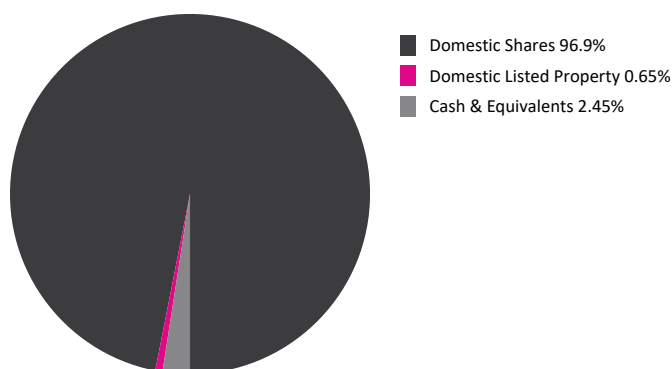
The AAN Australian model provides exposure to an actively managed portfolio of Australian equities. The portfolio is constructed using a multi-manager approach which seeks to reduce style bias and may employ a blend of active and passive investment styles based on market conditions. Investment exposure is obtained through a combination of direct equities, exchange traded products and/or managed funds.

Investment objective

The AAN Australian Model's investment objective is to outperform the S&P/ASX 300 Accumulation Index before fees over rolling 7-year periods.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

BETASHARES AUSTRALIA 200 ETF	27.07%
VANECK AUSTRALIAN EQUAL WEIGHT ETF	26.34%
CSL LIMITED FPO	4.8%
BLOCK INC. CDI 1:1 FOREIGN EXEMPT NYSE	3.04%
JAMES HARDIE INDUSTRIES PLC CDIS 1:1	2.72%

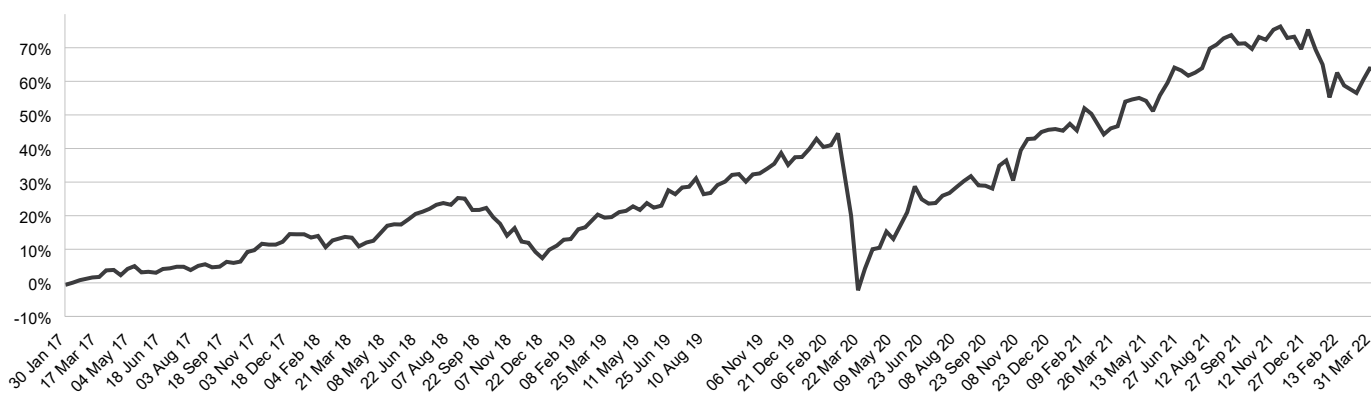
Top 5 holdings represent 63.97% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	5.64%	-5.98%	-4.73%	10.38%	10.92%	9.57%	9.94%

Returns over time



The Model

The exposure to the BetaShares A200 ETF was removed and an allocation to the BlackRock Index - Top 20 was added.

Notable investments

The model invests in low cost Australian Index ETFs as well as high conviction fund managers. Accordingly the Betashares Australia 200 ETF (A200) (27%) and Vaneck Vectors Australian Equity ETF (MVW) (26%) were the two largest to holdings at the end of the quarter, however with the A200 ETF now substituted for the Blackrock Top 20 SMA, this has removed this ETF exposure in favour of an allocation to the top 20 stocks on the ASX.

In regard to the actively managed direct equity holdings, the top five holdings at quarter-end were CSL (4.8%), Block Inc. (3.0%), James Hardie Industries (2.7%), Xero (2.5%), and IDP Education (2.2%). Only Block Inc. made a positive return for the quarter (+5.9%), whilst Xero and James Hardie were both down around 26%, with CSL down -7.3%.

AAN Australian - AC0003

As at 31 Mar 2022



CSL: this was hit with the general de-rating of growth stocks over the past three months but also due to the change in index composition with BHP coming back to being solely listed on the ASX. BHP is now the biggest stock on the market at around 11%. The re-weighting on this in the index saw a sell down of CSL for many institutional investors and index aligned funds, passive and Quant. The Vifors acquisition has been taken by the market as something unknown as it's a new business for CSL, it has some patents rolling off and nearly all that participated in the equity raise for the acquisition got their allocation so this created some uncertain sentiment around the stock. CSL reported well though, blood/plasma collections are rising and increasing again and this will be the main catalyst for the rebound in the share price but it's unlikely this will be seen until August when they report their year-end numbers.

James Hardie Industries: All regions showed strong growth in price and product mix demand, particularly in North America and APAC, while supply chain issues in their European market diminished volume growth.

IDP Education: IDP is well placed to exceed volume expectations for student placements from Asia into western universities over the next 12 months. IDP had invested in digital lead generation, CRM and efficiency tools prior to pandemic and were just ready to realise strong returns on investment in the way of market share gains prior to borders shutting. IDP compete against mums and dads in bricks and mortar, so have a significant sophistication advantage. Borders are open now all over the world, obviously including Australia which is a key market for IDP. There should be lots of pent-up demand.

Block Inc.: Block reported a strong result for both the Cash App and Square Ecosystems, scaling well and continuing momentum above pre-COVID levels. The completion of the Afterpay acquisition in February '22 further strengthens the ecosystem offering. Continued product enhancements and engagements to both end users driving customer acquisitions.

Performance

The model returned -5.98% (before fees) for the quarter and 10.38% for the 12 month period.

Best performing holdings included:

- BHP Group (BHP) +36%
- Corporate Travel Management (CTD) +8%
- Commonwealth Bank of Australia (CBA) +7%

Underperformers included:

- BWX -49%.
- City Chic Collective (CCX) -38%.
- Reliance Worldwide Corporation (RWC) -31%.
- James Hardie Industries (JHX) -26.6%.
- Xero (XRO) -26.3%.

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AAN Index Core - AC0004

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0004
Investment Fee	0.3% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	24 Feb 2017
ICR	0.15% p.a.
Indicative No. of Holdings	Up to 25

Investment description

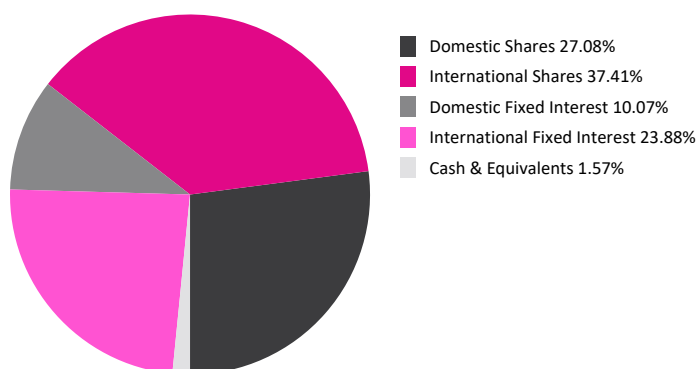
The Index Core portfolio is an actively managed diversified portfolio which obtains exposure using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a strategic growth exposure of 65% and defensive exposure of 35%. The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

The Index Core portfolio's investment objective is to outperform CPI by 2.5% p.a before fees over rolling 5-year periods.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

BETASHARES AUSTRALIA 200 ETF	27.06%
VANGUARD INTERNATIONAL FIXED INTEREST INDEX (HEDGED) ETF	15.63%
VANGUARD US TOTAL MARKET SHARES INDEX ETF	12.48%
VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF	10.09%
ISHARES AUSTRALIAN BOND INDEX	10.06%

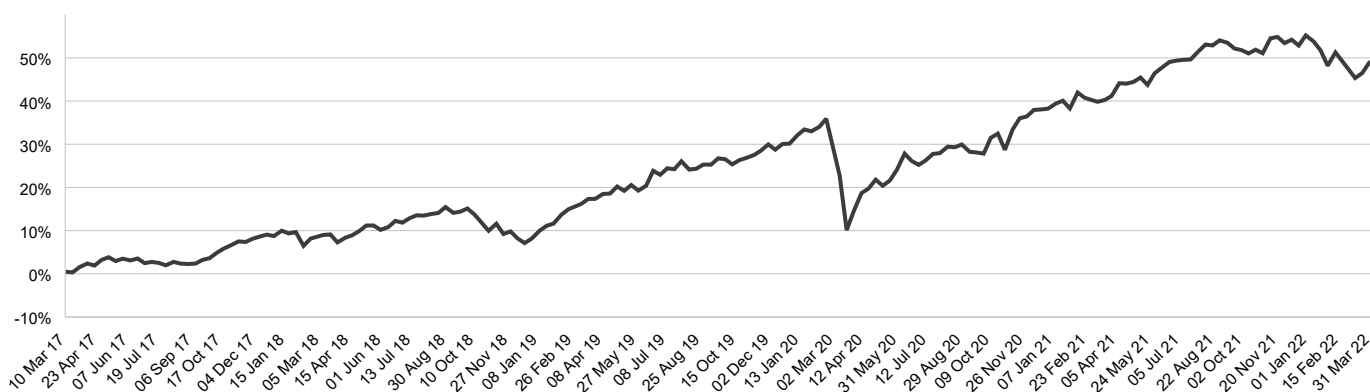
Top 5 holdings represent 75.32% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since inception p.a.
Total Gross Return	1.63%	-3.78%	-1.86%	5.34%	8.28%	8.02%	8.13%

Returns over time



The Model

There were no material changes to the portfolio this quarter other than some minor rebalancing across holdings.

Domestic Shares was the only asset class to post positive returns over the quarter.

Notable investments

The model invests in a series of low cost ETFs with Betashares Australia 200 ETF representing the largest holding of 27%. Vanguard International Fixed Interest (Hedged) ETF is the next largest holding at 15.6%.

AAN Index Core - AC0004

As at 31 Mar 2022



Performance

The AAN Index Core model returned -3.78% (before expenses) over the quarter which brought the rolling 12 month period return to 5.34%.

- BETASHARES AUSTRALIA 200 ETF was the only positive performer, returning + 2.6%.
- VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF was next best with -3.7%.
- VANGUARD FTSE EMERGING MARKETS SHARES ETF was the worst performer, returning -8.3%.

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Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. Portfolio holdings may not be representative of current or future recommendations for the portfolio. The securities listed may not represent all of the recommended portfolio's holdings.

AAN Index Growth - AC0005

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0005
Investment Fee	0.3% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	22 Aug 2018
ICR	0.13% p.a.
Indicative No. of Holdings	Up to 25

Investment description

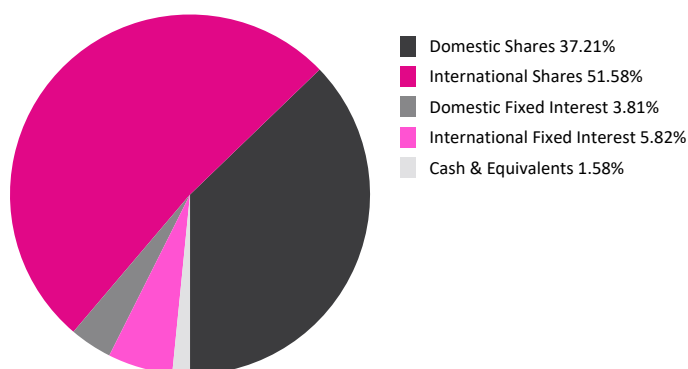
The Index Growth portfolio is an actively managed diversified portfolio which obtains exposure by using a blend of passive ETFs listed on the ASX and index based managed funds. The portfolio is constructed with a higher emphasis on growth exposure (90%) relative to defensive exposure (10%). The portfolio will generally be reweighted to its strategic weights quarterly.

Investment objective

The Index Growth portfolio's investment objective is to outperform CPI by 3.5% p.a before fees over rolling 5-year periods.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

BETASHARES AUSTRALIA 200 ETF	37.19%
VANGUARD US TOTAL MARKET SHARES INDEX ETF	16.22%
VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF	15.95%
VANGUARD ALL-WORLD EX-US SHARES INDEX ETF	8.63%
VANGUARD MSCI INTERNATIONAL SMALL COMPANIES INDEX ETF	6.03%

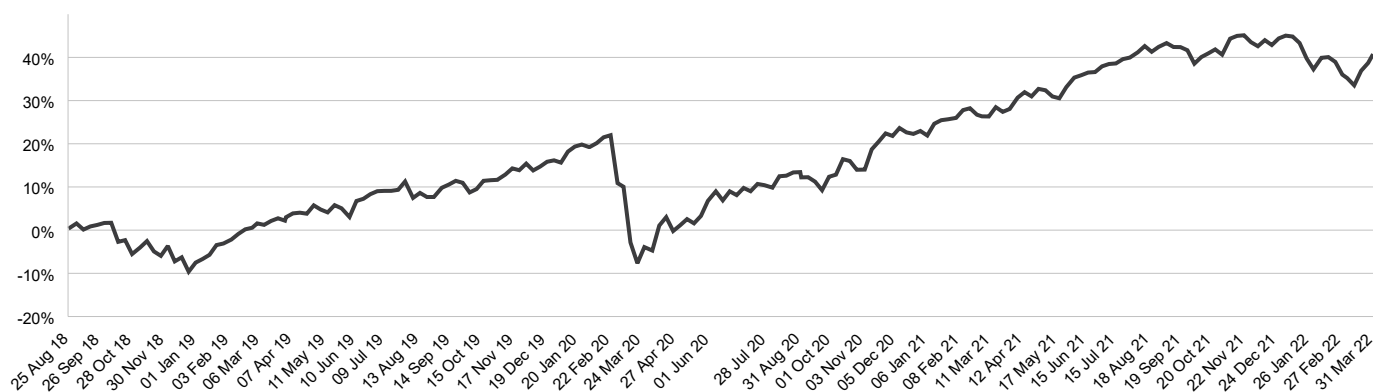
Top 5 holdings represent 84.02% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	Since inception p.a.
Total Gross Return	3.47%	-2.96%	-0.03%	9.57%	11.26%	9.93%

Returns over time



The Model

There were no material changes to the portfolio this quarter other than some minor rebalancing across holdings.

Domestic Shares was the only asset class to post positive returns over the quarter.

Notable investments

The model invests in a series of low cost investments with Betashares Australia 200 ETF representing the largest holding of 37%. Vanguard US Total Market Shares ETF is the next largest exposure at 16.2%, followed by Vanguard MSCI Index Int (hdg) at 16%.

The model has less than 10% invested in Fixed Interest investments via the iShares Australian Bond Index fund, and Vanguard International Fixed Interest Index (Hedged) ETF (holdings of 3.8% and 5.8% respectively).

AAN Index Growth - AC0005

As at 31 Mar 2022



Performance

The AAN Index Growth model returned -2.96% (before expenses) this quarter, bringing the rolling 12 month return to 9.57%.

- BETASHARES AUSTRALIA 200 ETF was the only positive performer, returning + 2.6%.
- VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF was next best with -3.7%.
- VANGUARD FTSE EMERGING MARKETS SHARES ETF was the worst performer, returning -8.3%.

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AAN Sustainable Growth - AC0006

As at 31 Mar 2022



Investment Manager	AAN Asset Management Pty Ltd
Model Code	AC0006
Investment Fee	0.4% p.a.
Performance Fee	Nil
Minimum Initial Investment	No fixed minimum
Commencement	17 Dec 2020
ICR	0.52% p.a.
Indicative No. of Holdings	

Investment description

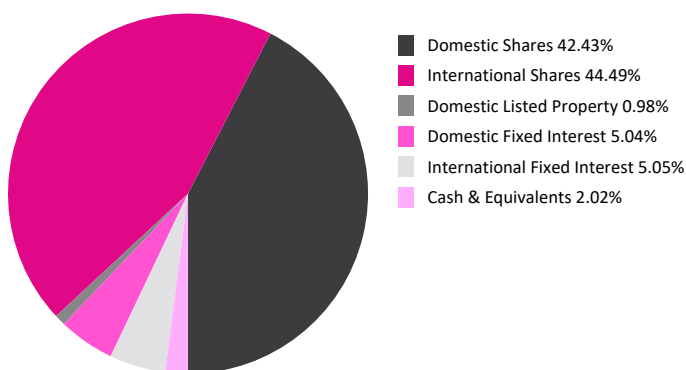
The model caters for investors seeking a portfolio of predominantly growth assets that aligns with their preference for sustainable investments with potential for making a positive contribution to society. It uses a multi-manager approach to provide investment diversification as well as differentiated approaches to ESG investing. The model has a strategic allocation of 90% to growth assets and 10% to defensive assets. It seeks exposure to Australian and international shares, property and fixed income assets via investing in managed funds, ETFs and/or Australian equity model portfolios. Whilst underlying investment managers will employ their own sustainable investment approach, the overall model is managed according to the manager's Sustainable Investment Policy which seeks to avoid the following sectors: Tobacco and tobacco products; Gambling; Alcohol; Pornography; Armaments manufacture or distribution; High impact fossil fuels; Predatory lending. A company with a minor or indirect exposure to one of the sectors will not be automatically excluded, although may be subject to ongoing review by the manager.

Investment objective

The AAN Sustainable Growth Model has an objective to outperform CPI by 4% p.a before fees over rolling 7-year periods, through investing in a diversified portfolio of growth and income assets that meet the manager's ESG requirements.

Asset Allocation

As at 31 Mar 2022



Top 5 holdings

As at 31 Mar 2022

ALPHINITY SUSTAINABLE SHARE	15.79%
BETASHARES AUSTRALIAN SUSTAINABILITY LEADERS ETF	14.74%
VANGUARD ETHICALLY CONSCIOUS INTERNATIONAL SHARES INDEX ETF	14.58%
BETASHARES GLOBAL SUSTAINABILITY LEADERS ETF	14.49%
STEWART INVESTORS WRLDWIDE SUSTNBY	13.58%

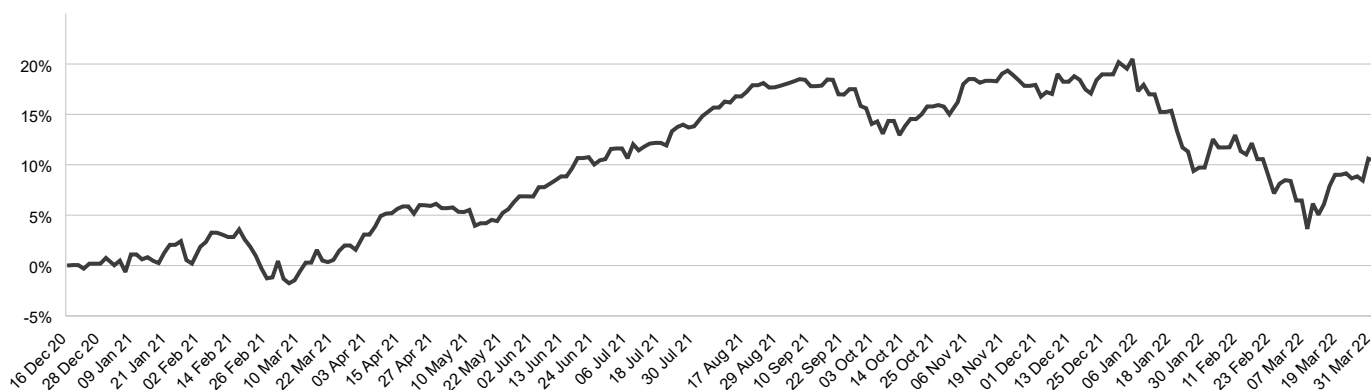
Top 5 holdings represent 73.18% of total fund

Performance

As at 31 Mar 2022

	1 mth	3 mths	6 mths	1 yr	Since inception p.a.
Total Gross Return	1.85%	-7.57%	-4.43%	8.19%	8.07%

Returns over time



AAN Sustainable Growth - AC0006

As at 31 Mar 2022



The Model

Each asset class performed negatively over the quarter, the primary detracting asset class was International Shares.

Due diligence is currently being undertaken on several managers for the Sustainable Growth Model.

Notable investments

Two stock changes were made to the direct equity model during the March quarter, with EML Payments (EML) and Pexa Group (PXA) entering the portfolio. The two technology stocks replaced two of the portfolio's previous technology holdings in Nitro Software (NTO) and Bravura Solutions (BVS).

Genworth Mortgage Insurance Australia (GMA) was the portfolio's top contributor to performance, returning 39% over the March quarter. GMA is a leading provider of lenders mortgage insurance in Australia. During the quarter, GMA announced that it has successfully renewed its contract with the Commonwealth Bank of Australia (CBA) for the exclusive provision of lenders mortgage insurance to the bank through until December 2025. The potential loss of CBA as GMA's largest customer had been a material overhang on the stock since June 2021 when CBA issued an RFP to the market for its Lenders Mortgage Insurance (LMI) requirements. GMA also posted a better than expected earnings result in February, enabling GMA to announce a 12c fully franked special dividend in addition to the \$100m buy-back previously announced. With excess capital still on balance sheet, there is the potential for further capital management initiatives going forward.

Nitro Software (NTO) was the largest underperformer, declining 45% over the quarter. NTO is a global SaaS company providing document productivity tools and e-signing solutions to business customers. Despite NTO continuing to grow its revenue base strongly (+30-35% in FY22), NTO continued to experience share price pressure in the March quarter as early-stage technology companies were sold down in favour of more established companies. Global peer DocuSign also experienced share price weakness in the quarter from the broader selloff in the technology sector. The decision to exit the portfolio's position in NTO was due to liquidity in the stock which had increasingly become an issue. The portfolio construction process incorporates a liquidity requirement to ensure investors can execute portfolio trades effectively, so NTO was replaced with another technology stock, EML Payments (EML). EML comfortably meets the liquidity requirements with significant upside opportunity in the stock.

Performance

The AAN Sustainable Growth model returned -7.57% this quarter (before expenses) whilst over 12 months the model returned 8.19%.

Each asset class detracted from performance over the quarter, the key drivers being International Shares and Domestic Shares. Within this, Stewart Investors Worldwide Sustainability detracted the most. The largest positive portfolio contribution came via Genworth Mortgage Insurance (+ 0.2%)

Best performing holdings included:

- Genworth Mortgage Insurance (GMA) +39%.
- EML Payments (EML) +19%.

Underperformers included:

- Nitro Software (NTO) -44%, sold out of the portfolio.
- Bravura Solutions (BVS) -29%, sold out of the portfolio.
- Domain Holdings (DHG) -29%.

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Important notices

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