momentum
global investment management

Harmony Portfolios Quarterly Report

Q3 2024

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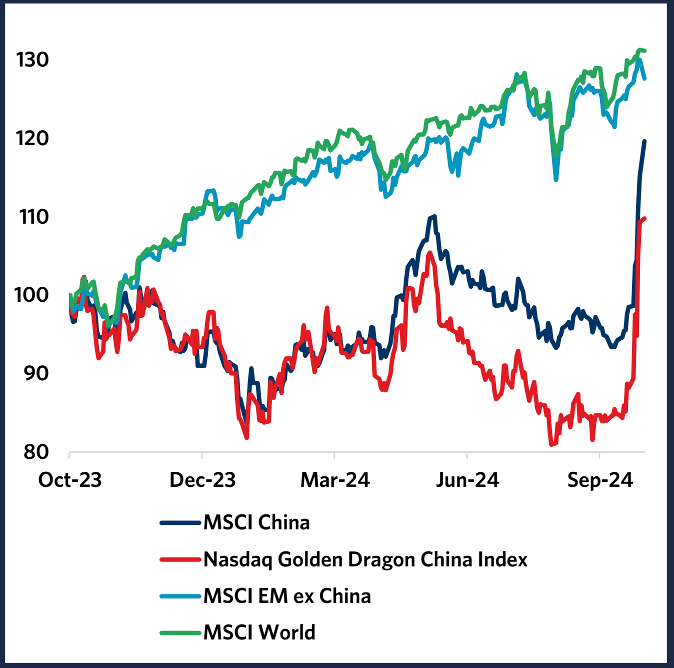
Contents

Global market review & outlook

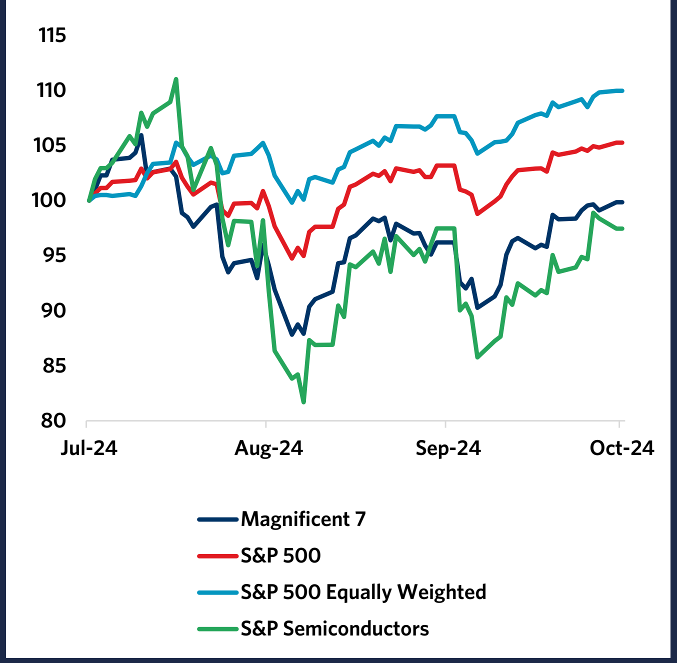
The key moment in the global monetary policy cycle finally arrived in September, the US Federal Reserve (Fed) delivering its first interest rate cut of this cycle, the only surprise element being its size at 50bps. Other major central banks, including the European Central Bank (ECB) and Bank of England, had already cut rates, but the pre-eminence of the dollar as the world's reserve currency, and the huge amount of dollar debt issued offshore, totalling over $13tn, means it is the Fed which underpins policy globally and constrains the flexibility of other central banks. Although a cut was widely anticipated by investors, this is a pivotal moment and a boost to asset values – some of which had been discounted in markets ahead of the event, but nevertheless providing a strong tailwind, especially as the Fed is guiding a series of cuts over the next 18 months.

The policy shift, and anticipation ahead of it, underpinned positive returns from most asset classes and markets in the third quarter, outweighing the sharp but short setback in late July and early August triggered by concerns about slowing growth in the US and the sudden unwinding of the yen carry trade as the Bank of Japan tightened policy. Over the quarter the MSCI World index of developed market equities returned 6.4%, with MSCI emerging markets 8.7%, due in large part to an extraordinary surge in the Chinese equity market in the final 10 days of the quarter when surprise stimulus measures were announced, taking the return of the MSCI China index to 23.4% in September and 23.5% for the quarter. While the US remained among the best performing markets in local currency terms, there was a distinct shift in leadership from mid-July when the AI driven megacap tech stocks suffered sharp setbacks following their extraordinary bull run. The market rise became more broad based, reflected in the S&P 500 equal weighted index outperforming the conventional market cap weighted version, which proved to be a tailwind for active managers as most are underweighted in the megacap tech stocks, given their size and dominance in indices.

Dramatic recovery in Chinese equities following stimulus package



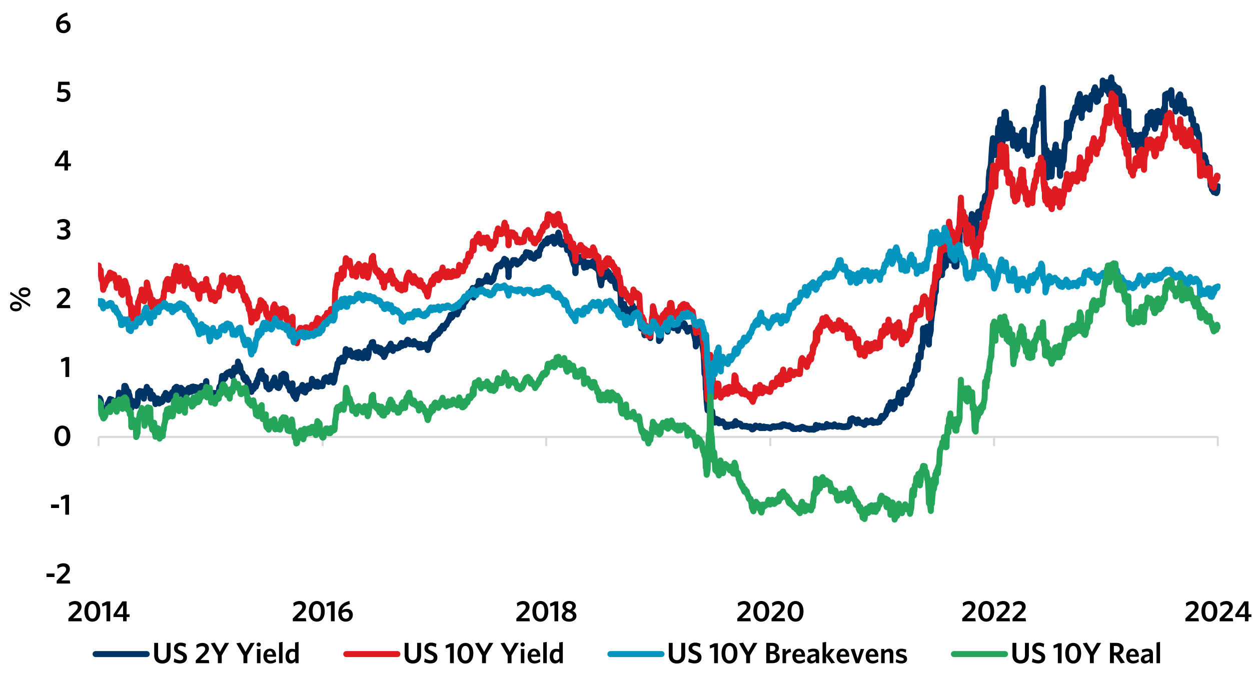
Market rotation from megacap tech



Source: Bloomberg Finance L.P. as at 1 October 2024.

After a difficult start to the year, bonds continued their positive performance since April, with US Treasuries 4.7% in Q3 and the JPM global government bond index 7.3% in USD terms, outperforming world equities over this period. Bond yields globally have fallen sharply, in part reflecting the slowdown evident in global growth, and in part the cuts in interest rates underway and expected over the next 12 to 18 months. Over the quarter, the yield on 2-year US Treasuries fell from 4.75% to 3.64%, and on the 10-year maturity from 4.44% to 3.78%, most of which came from a drop of over 50bps in real yields to 1.59%. Euro area bonds also saw sharp falls in yields as economic activity weakened, especially in the manufacturing sector, triggering a second cut in rates by the ECB following the cut in June. In the UK bond yields also fell, but less sharply; the Bank of England made its first cut in rates in August, but concerns remain about the persistence of services inflation, currently 5.6%, and the impact of wage inflation after inflation-busting rises in the UK's minimum wage and across a swathe of public sector workers.

Bond yields fall sharply in Q3, driven by lower real yields

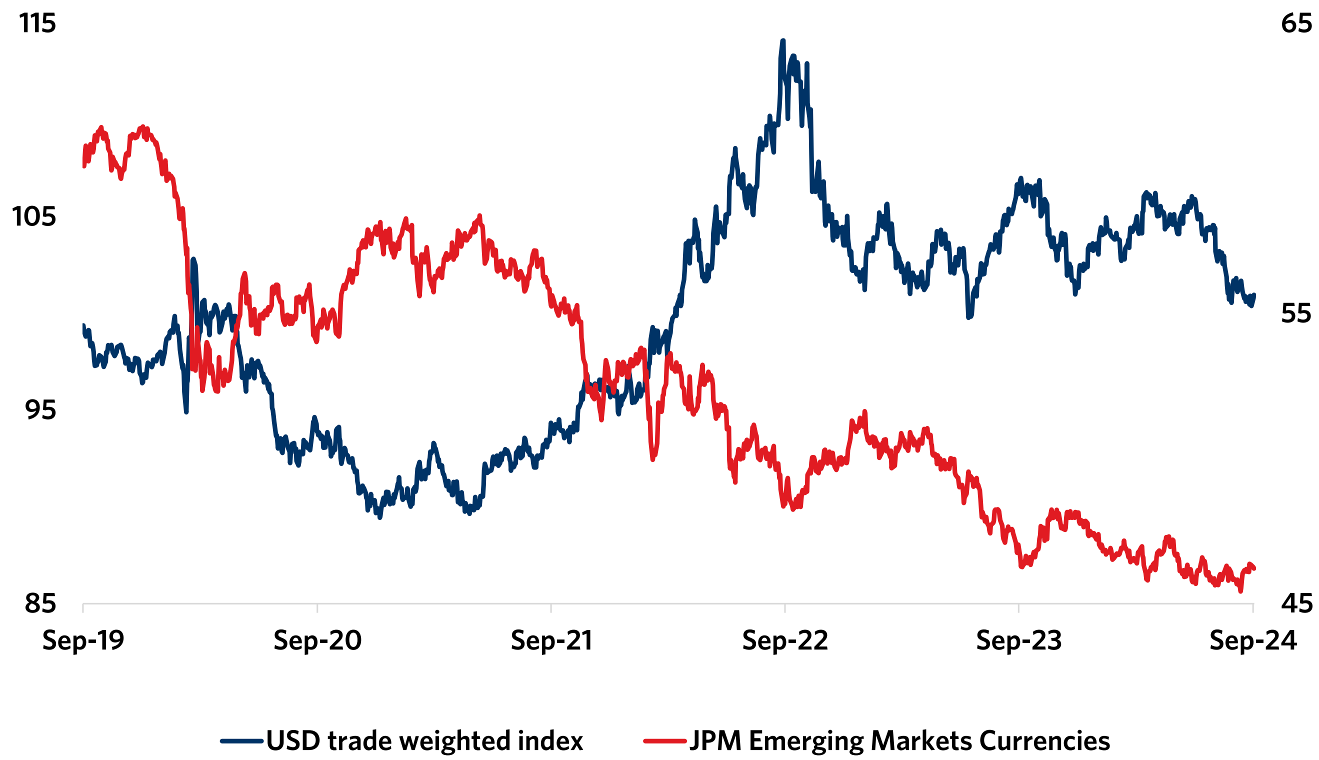


Source: Bloomberg Finance L.P. as at 30 September 2024.

The sharper falls in bond yields at shorter maturities as rate cuts came into view have resulted in the yield curve in the US, which had been inverted for over two years, steepening substantially such that it is back in positive territory, with the duration risks of longer maturities reflected in higher yields than shorter dated bonds. This is a healthy development in markets, with the big falls in yields and the steepening of the yield curve making a valuable contribution to the strong performance of our multi-asset funds in recent months.

An important feature during the quarter was dollar weakness, a reversal of the pattern of the previous six months. On a trade weighted basis, the dollar fell by 4.8% in Q3, wiping out its earlier 2024 gains, and making a significant contribution to returns in USD terms from non-US markets. The most extreme mover was the yen, whose rise of 12%, nearly all of which came in late July/early August, converted a fall of 4.9% in Japanese equities in yen terms in Q3 into a 7% gain in USD terms. The euro and sterling also saw significant rises, and emerging markets currencies, which have undergone a long period of weak performance in the face of the sharp policy tightening in the US, enjoyed a bounce late in the quarter as the Fed's rate cut approached, boosted further by China's stimulus policies, although still leaving ample recovery potential ahead.

Dollar weakens in Q3, easing pressure on emerging markets currencies

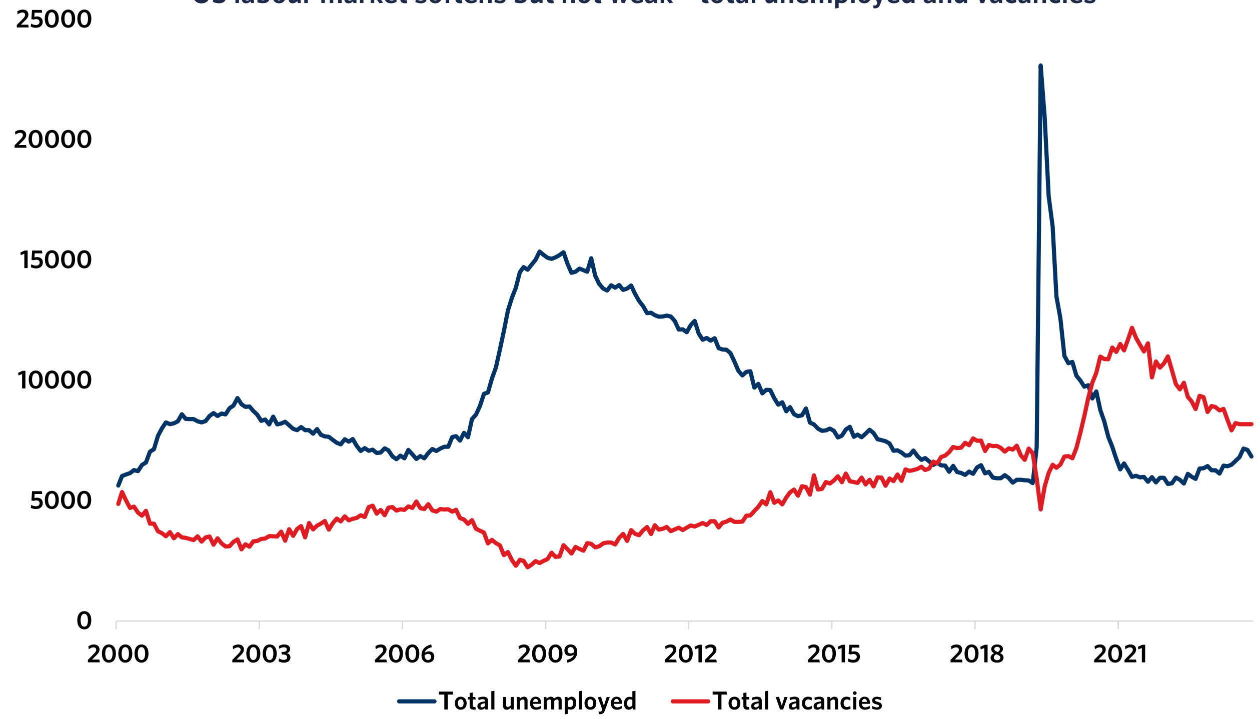


Source: Bloomberg Finance L.P. as at 1 October 2024.

Gold continued to perform well, benefitting from dollar weakness, protecting capital during the brief market sell-off in August, then participating fully in the subsequent recovery. Gold's rise of 13.2% in Q3 took its gain year-to-date to 27.7%, the best performing major asset class. In contrast, commodities had a difficult quarter, especially oil, down 16.9%, in the face of a softer global economy, weakening demand, and supply increases from non-OPEC sources.

Growth across major economies this year has been relatively resilient in the face of the long period of tight monetary policy, but in recent months has shown signs of softening, especially in manufacturing which is now in recessionary conditions. The US has continued to outperform other economies, helped by strong investment spending and resilient consumer spending, but there has been a steady deterioration in the labour market in the past six months, with job openings falling, unemployment rising and jobless claims up, albeit still not weak overall. Europe is weighed down by a steep recession in its manufacturing sector, especially in Germany with its heavy dependency on the auto industry, and is struggling to break out of sub-1% growth rates, while China is suffering from a sharp fall in consumer confidence in the face of a multitude of headwinds but most importantly the collapse of the huge and over-leveraged property development industry.

US labour market softens but not weak – total unemployed and vacancies



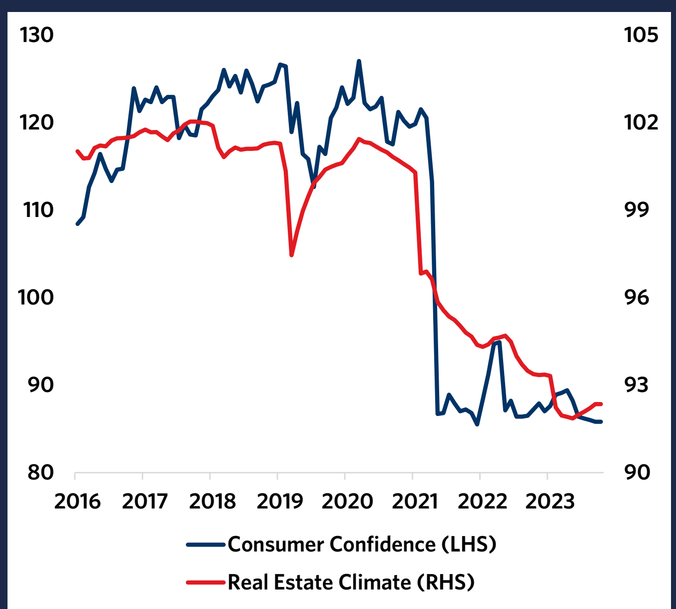
Source: Bloomberg Finance L.P. as at 30 September 2024.

"An important feature during the quarter was dollar weakness, a reversal of the pattern of the previous six months. On a trade weighted basis, the dollar fell by 4.8% in Q3, wiping out its earlier 2024 gains, and making a significant contribution to returns in USD terms from non-US markets"

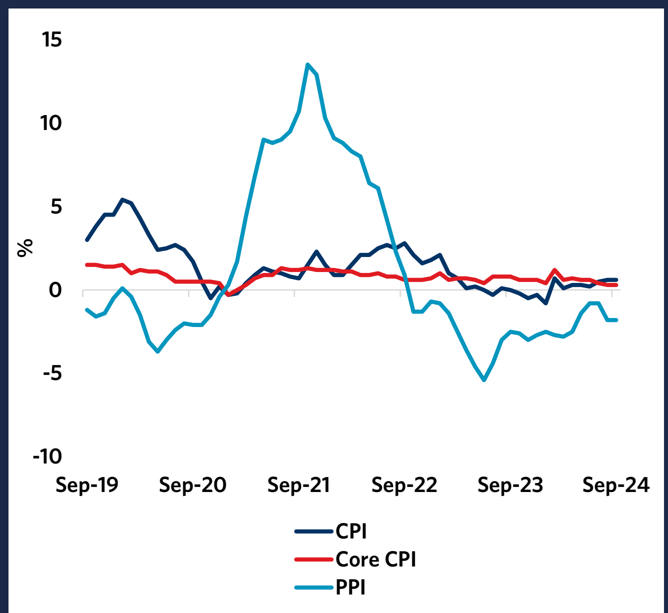
It was this softening and growing fears of slower growth, combined with inflation falling close to targets, that triggered rate cuts by central banks. With its dual mandate of price stability and maximum employment, the Fed made it clear that it is not lowering rates to counter economic weakness but to recalibrate policy towards a balanced stance between its two objectives. Having focussed policy to date on the control of inflation, the Fed is now more concerned about the labour market and would not want to see it cooling further. The quarterly Summary of Economic Projections produced by the Fed's governors at its rate-cutting September meeting showed broadly unchanged growth projections around 2% pa over the next two years but higher unemployment, lower inflation and lower policy interest rates than projected three months earlier. Market implied rates have consistently been below the Fed's projections this year, but with the Fed now projecting Fed Funds to be 4.4% at the end of 2024 and 3.4% by end 2025 (implying reductions of around 50bps and close to 1.75% respectively from current levels) the market has gravitated to become broadly in line with the Fed, suggesting that 6-7 cuts of 25bps over the next 12-15 months are largely priced in to markets. Importantly, the Fed's projection of the long term neutral or terminal rate has been pushed steadily higher this year, and is now up to 2.9%, close to the market implied rate, a clear indication that a return to zero interest rate policy is neither expected nor likely.

In the face of a worrying slowdown, price deflation and sharply deteriorating consumer confidence, it was surely no coincidence that within a few days of the window of opportunity provided by the Fed's rate cut in September the Chinese authorities embarked on a wide-ranging stimulus package, starting with rate cuts and liquidity easing measures by the People's Bank of China, including a CNY800bn ($113bn) funding facility to support onshore equity markets and measures to bolster the ailing property market, followed by an unscheduled Politburo meeting which set out plans for fiscal support of up to CNY2tn ($280bn) for households and local governments, which have been squeezed hard by the collapse in land sales to property developers. While the details of the fiscal plan are yet to be announced, the notable shift in tone, substance and urgency indicates a determination to stimulate growth to reach their 5% real terms growth target. While the economic impact of the measures remains to be seen, there is no doubting their substance nor their impact on investors, with the stock market soaring by some 25% in a few days at the end of September. Some consolidation seems inevitable after such a sharp rise, but valuations of Chinese stocks remain low, and the market remains substantially below peak levels. We believe that, correctly sized in recognition of the political, governance and transparency risks, Chinese equities offer opportunities, and we intend to retain our exposure in our portfolios.

Sharp falls in confidence in China undermine growth



China's weak economy and production over-capacity result in disinflation



Source: Bloomberg Finance L.P. as at 30 September 2024.

After a brief period of relative calm, geopolitics came back into focus at the end of September as the Middle East situation deteriorated rapidly. Neither Israel nor Iran wants all-out war, and the West, in effect the US, is working to avoid it, but the risk of such an outcome has risen materially. The oil price has moved up, reflecting the risks to Iran's oil producing facilities in the event of attacks by Israel and the possibilities of Iranian retaliation by blocking the Strait of Hormuz, through which 21m barrels of oil per day (bpd) are transported, some 27% of maritime trade. Markets have not reacted dramatically at this point, with oil still well below its high for the year and gold, while close to its all-time high, has not surged on the recent developments. But further escalation cannot be ruled out. The global economy's vulnerability is the oil price; Iran produces 3m bpd, most of it going to China. Alternative supplies are unlikely to be a problem: OPEC has spare production capacity of close to 6m bpd, most of it in Saudi Arabia, and the soft global economy is weighing on demand. It is impossible to predict the outcome of geopolitical events such as these; they can have a material impact on markets, although rarely for very long periods. Our approach is to build broadly diversified portfolios including resilient, defensive assets such as gold and US Treasuries to protect against the risks, and ride out the volatility, while taking opportunities to add to risk assets in the event of sharp sell-offs.

The unpredictability of geopolitics aside, the key issue for investors remains the US economy and Fed monetary policy. The economy is slowing somewhat, but the corporate sector and households are generally in good shape and current conditions are not recessionary. The labour market has softened but unemployment remains low and wages are rising in real terms. Investment remains strong, inflation has fallen to levels which give the Fed ample room to cut rates, and the recent softening of the economy has accelerated that programme.

We recognise the risks ahead - policy error, the possibility of the economy weakening further, volatility triggered by geopolitics and the US Presidential election, but we are now into a policy easing cycle which is likely to progress through next year and result in sizeable cuts in rates. It would be a highly unusual cycle if markets fell during that period, the major caveats being a US recession and a dramatic escalation of the wars in the Middle East and Ukraine. Yet if conditions were to deteriorate the Fed retains very considerable flexibility to ease, given that rates are still close to their highs of this century. We therefore remain cautiously constructive about markets and intend to use periods of weakness to add to risk assets in our portfolios.

"It is impossible to predict the outcome of geopolitical events; they can have a material impact on markets, although rarely for very long periods. Our approach is to build broadly diversified portfolios to protect against the risks, and ride out the volatility, while taking opportunities to add to risk assets in the event of sharp sell-offs"

Market performance - Global (local returns) as at 30 September 2024

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Developed Markets Equities						
United States	S&P 500 NR	USD	2.1%	5.8%	21.7%	35.8%
United Kingdom	MSCI UK NR	GBP	-1.9%	1.8%	9.9%	12.3%
Continental Europe	MSCI Europe ex UK NR	EUR	-0.4%	2.0%	10.9%	19.4%
Japan	Topix TR	JPY	-1.5%	-4.9%	14.2%	16.6%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	7.9%	10.6%	19.9%	29.4%
Global	MSCI World NR	USD	1.8%	6.4%	18.9%	32.4%
Emerging Markets Equities						
Emerging Europe	MSCI EM Europe NR	USD	-0.4%	-2.5%	12.4%	26.9%
Emerging Asia	MSCI EM Asia NR	USD	8.0%	9.5%	21.6%	29.7%
Emerging Latin America	MSCI EM Latin America NR	USD	0.1%	3.7%	-12.5%	2.8%
BRICs	MSCI BRIC NR	USD	12.3%	15.2%	22.4%	26.2%
China	MSCI China NR	USD	23.9%	23.5%	29.3%	23.9%
Global emerging markets	MSCI Emerging Markets NR	USD	6.7%	8.7%	16.9%	26.1%
Bonds						
US Treasuries	JP Morgan United States Government Bond TR	USD	1.2%	4.7%	3.9%	9.7%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	1.5%	4.2%	4.9%	9.8%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	1.8%	5.8%	5.3%	14.3%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	1.6%	5.3%	8.0%	15.7%
UK Gilts	JP Morgan UK Government Bond TR	GBP	0.0%	2.4%	-0.4%	8.0%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	0.4%	2.3%	2.2%	9.7%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	1.3%	4.0%	2.0%	9.3%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	1.2%	3.3%	3.8%	9.6%
Euro High Yield	BBgBarc European HY 3% Constrained TR	EUR	0.9%	3.3%	6.3%	12.1%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	0.3%	1.4%	-1.8%	-1.0%
Australian Government	JP Morgan Australia GBI TR	AUD	0.2%	3.0%	2.9%	7.2%
Global Government Bonds	JP Morgan Global GBI	USD	1.6%	7.3%	2.4%	10.4%
Global Bonds	ICE BofAML Global Broad Market	USD	1.7%	7.0%	3.4%	11.9%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	3.0%	6.5%	8.5%	15.6%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	1.8%	6.6%	9.2%	20.8%

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Property						
US Property Securities	MSCI US REIT NR	USD	2.5%	15.8%	14.8%	32.7%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	6.5%	13.8%	23.0%	41.6%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	5.1%	18.2%	4.6%	10.9%
Global Property Securities	S&P Global Property USD TR	USD	3.9%	16.4%	13.6%	30.1%
Currencies						
Euro		USD	0.8%	3.9%	0.9%	5.3%
UK Pound Sterling		USD	1.9%	5.8%	5.1%	9.6%
Japanese Yen		USD	1.8%	12.0%	-1.8%	4.0%
Australian Dollar		USD	2.2%	3.6%	1.5%	7.4%
South African Rand		USD	3.2%	5.4%	6.3%	9.6%
Commodities & Alternatives						
Commodities	RICI TR	USD	2.7%	-1.8%	5.7%	-0.6%
Agricultural Commodities	RICI Agriculture TR	USD	5.7%	5.2%	5.4%	5.0%
Oil	Brent Crude Oil	USD	-8.9%	-16.9%	-6.8%	-24.7%
Gold	Gold Spot	USD	5.2%	13.2%	27.7%	42.5%

Interest Rates	Current Rate
United States	5.00%
United Kingdom	5.00%
Eurozone	3.65%
Japan	-0.10%
Australia	4.35%
South Africa	8.00%

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Portfolio commentary: performance

In the third quarter of 2024, a strong one for all main asset classes, all Harmony funds delivered exceptional performance from both an absolute and relative perspective. All portfolios ranked within the top 10-20% of their respective peer groups over the time period, and also outperformed their strategic asset allocations and return targets.

The recent market dynamics, characterized by dispersed returns across sectors and asset classes, have created a highly favourable environment for active management. This dispersion offers more opportunities for skilled managers to identify and capitalize on mispriced assets, outperforming the broader market. Given our active investment approach, we are well positioned to continue taking advantage of these conditions, should they persist as we expect to. This turnaround is a critical milestone, as it reinforces our confidence in the long-term research-driven strategy of the Harmony funds and their ability to deliver strong, consistent returns over time in varying market conditions.

The Asian Balanced and Growth funds were ahead of the pack, delivering gains of 9.7% and 11.1% respectively, benefitting from the higher exposure to China, the top performing market of the quarter, up 23.5% in USD terms. The Global funds were up between 6.2% for Cautious Income all the way to 8.7% for Global Growth, benefitting from strong underlying returns as well as a weak US dollar, which was down almost 5% against major developed currencies. The Australian Growth portfolio was also very strong, up 7.1%, whilst the old continent disappointed in relative terms, with Sterling Balanced and Growth and Europe Growth funds up "only" 3.5%, 3.6% and 4.6%, held back by weaker UK and European markets, albeit in local currency terms.

All Harmony funds were ahead of their strategic asset allocations and mostly ahead of their regional equity benchmarks, with manager selection in particular contributing very positively. In fact, most of our equity managers benefitted from the healthy rotation we observed in markets, away from US technology mega-caps (the concentrated cohort of stocks that dominated market returns over the past two years) in favour of virtually everything else. It wasn't necessarily an indiscriminate rally, but most sectors, countries and styles had their winners and losers, which is precisely the environment where the best stock selectors thrive. The outperformance of mid- and small-caps against mega caps was a key tailwind for our portfolios, that like all actively managed funds typically exhibit a underweight to the largest stocks. Value and defensive stocks, also, outperformed growth.

The best equity managers across the Harmony range (although not necessarily held in all the portfolios) were Aikya Global Emerging Markets (+14%), Bin Yuan Greater China (+20%), Prusik Asian Income (+16%), Chrysalis Investments (+30%), Maple Brown Abbott Global Infrastructure (+16%), Granahan US Small Cap Growth (+17%), First Sentier Japan Focus (+15%), all calculated in USD terms. Also, a decent contribution came from our best-in-class developed global equity managers that, on average, beat their benchmark by 0.7%. Pleasantly, also our in-house run portfolio of direct UK equities, held in the Sterling Funds and in Cautious Income, beat UK equities by about 3%.

Moving on to asset allocation, at the end of last quarter, we transitioned the portfolios to their new strategic asset allocations (described in detail in the previous quarterly report) which, for most Portfolios, have a higher allocation to equities, a lower exposure to alternatives (property, infrastructure, hedge funds, precious metals) and a different shape of the fixed income portion. Instead of trading the portfolios to the new target all the once, we tactically traded only where it was opportunistically advantageous at the time, delaying instead those trades where we thought we could get a better entry point. In hindsight, this was highly successful.

In particular, we thought it likely that real assets would outperform global equities, for a combination of valuation differential and interest rate sensitivity, so we maintained an overweight to the former against the latter, which proved prescient as property and infrastructure were both up about 15% over Q3, about 9% ahead of global equities.

Another significant (and successful) asset allocation call was the overweight to Australian equities (+11% in USD terms) we had in all portfolios (except in AUD Growth), suggested by the newly added AI engine run by MDOTM and driven not only by a higher expected return, but also greater diversification benefits. In addition, across the entire range, we were overweight to Chinese equities (+23%) and also to the Japanese Yen, a 2% position across the range which contributed strongly when it rose by 8-12% against major currencies. The only detractor was the underweight to gold (+13%), which we held at about half strategic weight on valuation grounds. Fixed income allocation was a less significant element, and of mixed fortunes, as we took opportunities around changing market expectations on central banks' future rate cuts.

Portfolio commentary: positioning

Despite being a strong period overall, the third quarter presented some volatility which we see as an opportunity to take advantage of and that is often the main driver behind portfolio activity. Evolving market expectations around the size of the first interest rate cut by the US Federal Reserve and the duration of this easing cycle underpinned market returns, but concerns around US growth coupled with the sudden unwinding of the yen carry trade as the Bank of Japan tightened policy caused a sharp and short setback in late July and early August.

So, as equity markets and bond yields were falling, we took profits on some of our government bond exposure that had run hard and reinvested the proceeds into Japanese stocks, that instead we deemed to be oversold. Japan is a market that we have been liking and overweight to for a couple of years now, so we were able to act swiftly and fish not far from the bottom.

Around mid-August, following two months of strong outperformance of infrastructure against developed equities, we decided to take profits and reinvest in global stocks – a strategic switch we had delayed on valuation and tactical grounds, as also mentioned in the previous section.

Later in the month, we introduced five new private equity investments: Syncona, Oakley Capital Investments, Molten Ventures, Princess Private Equity and Schroder Capital Innovation. Private equity is an asset class we are currently very positive on, thanks to cheap entry valuations, strong quality of the underlying assets and potential for significant upside as some of their investments are realised. The purchase was financed by reducing the position in Chrysalis, our long-standing exposure to the space, as we thought it prudent to spread out the exposure across several holdings and reduce idiosyncratic risks. The investments are all of similar quality and return potential, but at the same time different enough to have significant diversification benefits against each other.

In September, we introduced the Curate Global Growth, Quality and Value funds in the Harmony Global Balanced and Growth funds.

These are newly launched share classes of existing investments, managed by Jennison, Evenlode and Lyrical respectively, and helps to bring down the underlying manager fees.

Finally, we exited the Jupiter Emerging Market Bond fund, as the PM and two key senior members left the team, leaving us little choice but to sell out of the strategy in the absence of a management team. The proceeds were reinvested in a combination of the HSBC Emerging Market Debt fund and a new investment in a high yield strategy, that will be discussed next month.

Our current positioning reflects a cautious but constructive approach, where a focus on asset class valuation and risk management are key. We are underweight US equities, as we have been for some time, on valuation grounds but also conscious that the AI frenzy that has been dominating markets for two years is losing some of its steam. This is balanced off with an overweight to Japanese, UK, Australian and Emerging Market equities for a combination of attractive valuations and advantageous diversification benefits. Within fixed income, we are underweight duration (or interest rate risk) after having taken profits on some of our government bonds, and are underweight credit risk, mostly through high yield bonds, as we think the currently tight spreads are not compensating us adequately for the riskiness of the underlying bonds at this point in the cycle. We are overweight alternatives, mostly specialist financials, private equity and hedge funds, reaping their diversification benefits in a period where they look more attractive, relative to the aforementioned asset classes, and are overweight cash and money market, where instead the yield per unit of risk is attractive. Finally, we are underweight gold: the best performing major asset class this year has rarely looked as overpriced (hence negative for future returns) as today, notwithstanding the buying pressure from China and current geopolitical worries that have been driving gold prices higher for the past year.

Portfolio commentary: outlook

Looking forward, despite the unpredictability of geopolitics, the main concern for investors continues to be the state of the US economy and Federal Reserve monetary policy. While the economy has slowed somewhat, both the corporate sector and households remain relatively strong, and current conditions do not point to a recession. The labour market has softened, but unemployment remains low, and wages are rising in real terms. Investment is still robust, inflation has declined to a level that gives the Fed room to cut rates, and the recent economic slowdown has accelerated this process. We are aware of the risks ahead such as policy missteps, potential further weakening of the economy, volatility driven by geopolitics, and the upcoming US Presidential election. However, we are now in the early stages of a policy easing cycle, which is expected to continue through next year, likely resulting in significant rate cuts. Historically, it would be unusual for markets to decline during such a cycle, barring a US recession or a severe escalation of conflicts in the Middle East and Ukraine. Yet, even if conditions worsen, the Fed retains considerable flexibility to ease further, given that rates remain near their highest levels of this century. As a result, we remain cautiously optimistic about markets and plan to take advantage of periods of weakness to increase exposure to risk assets in our portfolios.

"despite the unpredictability of geopolitics, the main concern for investors continues to be the state of the US economy and Federal Reserve monetary policy"

Portfolio activity: recent changes

	Cautious	Balanced	Growth
DM Equities	↓	↓	↓
EM Equities	↑	↑	↑
Government Bonds	↓	↓	↓
Investment Grade Credit	=	=	=
High Yield Credit	=	=	=
Emerging Market Debt	=	↑	↑
Convertible Bonds	↓	↓	↓
Gold	↓	↓	↓
Hedge Funds	=	=	=
Property	=	=	=
Infrastructure	=	=	=
Specialist Assets	=	=	=

One/two/three arrows indicate an allocation change that is 0-5% / 5-10% / >10%.
Source: Momentum Global Investment Management, as of 30 September 2024.

Target Portfolios

	Cautious	Balanced	Growth
Equity	20.0%	51.7%	75.4%
Fixed Income	56.1%	28.3%	10.8%
Real Assets	8.1%	6.9%	4.2%
Alternatives	4.8%	5.2%	4.8%
Commodities	2.2%	1.6%	2.0%
Cash	8.8%	6.3%	2.8%

Target weights are as at the 30 September 2024 and are indicative of the managers' medium term outlook for markets, which is driven principally by their assessment of relative valuation opportunities. Target weights are based on the Cautious Income, Global Balanced and Global Growth Funds respectively. Allocations may vary for the other Balanced and Growth Funds in the range.

Portfolios and peer group performance

Performance (%) to 30 September 2024

Fund returns (local currency)	3 months	12 months	3 years (annualised)	5 years (annualised)	2023	2022	2021	2020
Cautious Income[1]	**5.9**	**11.6**	**0.0**	**1.6**	**4.9**	**-11.5**	**7.4**	**0.8**
Peer group median	*4.7*	*17.5*	*2.0*	4.4	*10.3*	*-14.1*	*3.0*	*5.5*
Balanced Portfolio	**7.7**	**19.8**	**0.9**	**3.9**	**9.0**	**-15.9**	**7.5**	**6.7**
Peer group median	*5.6*	*19.1*	*2.2*	*4.8*	*11.7*	*-15.0*	*6.4*	*9.6*
Growth Portfolio	**8.4**	**23.4**	**1.2**	**5.3**	**12.5**	**-20.0**	**11.5**	**7.5**
Peer group median	*5.8*	*20.8*	*2.6*	*5.5*	*12.8*	*-16.0*	*8.1*	*10.3*
S&P 500	5.8	35.8	11.4	15.4	25.7	-18.7	28.5	17.8
MSCI AC World	6.6	31.8	8.1	12.2	22.2	-18.4	18.6	16.3
Cautious Income[2]	**4.6**	**9.0**	**-0.5**	**0.4**	**2.9**	**-10.0**	**7.2**	**-2.1**
Peer group median	*2.5*	*10.9*	*0.6*	1.8	*6.4*	*-10.1*	*2.3*	*4.1*
Balanced Portfolio	**3.2**	**10.0**	**-0.5**	**1.2**	**4.0**	**-10.5**	**9.0**	**-0.3**
Peer group median	*0.7*	*10.0*	*1.1*	2.3	*6.9*	*-8.7*	*5.8*	*3.7*
Growth Portfolio	**3.4**	**11.0**	**-0.6**	**1.5**	**4.5**	**-12.2**	**12.1**	**-1.6**
Peer group median	*1.3*	*10.7*	*1.4*	2.6	*6.7*	*-8.6*	*6.2*	*3.8*
MSCI UK	1.7	12.2	10.0	6.1	7.7	7.1	19.6	-13.2
MSCI AC World	0.5	19.9	8.3	10.3	15.3	-8.1	19.6	12.7
Cautious Income[3]	**4.7**	**8.8**	**-1.6**	**-0.3**	**2.2**	**-12.6**	**7.8**	**-2.7**
Peer group median	*2.3*	*13.1*	*1.3*	2.9	*8.3*	*-13.2*	*3.8*	*1.3*
Growth Portfolio	**4.3**	**14.6**	**-0.1**	**2.4**	**7.2**	**-16.5**	**14.1**	**-1.3**
Peer group median	*2.0*	*11.5*	*1.4*	2.3	*7.9*	*-11.6*	*8.1*	*0.1*
MSCI Europe ex UK	2.0	19.4	7.1	8.7	17.6	-12.6	24.4	1.7
MSCI AC World	2.4	25.0	9.5	11.7	18.1	13.0	27.5	6.7
Cautious Income[4]	**5.0**	**8.9**	**-0.6**	**0.4**	**3.6**	**-11.2**	**8.1**	**-3.0**
Growth Portfolio	**6.8**	**15.7**	**2.2**	**3.3**	**6.7**	**-9.8**	**11.7**	**-0.9**
Peer group median	*4.0*	*12.2*	*3.1*	3.3	*9.0*	*-7.8*	*9.5*	*-1.1*
MSCI AC World	2.6	22.6	9.6	11.6	22.1	-12.0	26.3	6.4
ASX All Ordinaries	7.9	22.2	8.1	8.7	13.0	-3.0	17.7	3.6
ASIA								
Balanced Portfolio	**9.4**	**16.4**	**-1.2**	**1.9**	**3.9**	**-15.0**	**2.4**	**7.1**
Peer group median	*6.9*	*18.1*	*-1.3*	2.4	*5.1*	*-17.3*	*-0.8*	*11.4*
Growth Portfolio	**10.8**	**19.7**	**-0.8**	**3.1**	**4.5**	**-16.3**	**4.5**	**8.5**
Peer group median	*6.6*	*18.2*	*-1.5*	*2.1*	*4.9*	*-17.7*	*-0.2*	*10.4*
MSCI AC Asia Pacific ex Japan	10.6	29.4	1.8	6.9	7.4	-18.4	18.5	16.3
MSCI AC World	6.6	31.8	8.1	12.2	22.2	-17.5	-2.9	22.4

Past performance is not indicative of future returns. Returns are based on share class A except for Cautious Income Portfolios, which are based on share class E (accumulating). For inception dates please refer to the important notes.

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1Inception date January 17 2019. 2Inception 14 March 2019. 3Inception 18 February 2019. 4Inception 27 September 2019.