



Medalist Core Portfolios Commentary – Q4 2023

Growth Portfolio

The Growth Portfolio's performance fell short of its benchmark in Q4 2023.

Morningstar currently uses two passive managers as the primary way to get fixed interest exposure, **Vanguard Australian Fixed Interest ETF** (Gold rated) and **iShares Global Bond Index** (Bronze). **Bentham Global Income** is part of the global fixed interest allocation and delivered outperformance for the quarter, mostly from its credit positions, though its overweight duration position also played a role.

We have chosen active managers in Australian and international equity asset classes for the higher likelihood of achieving meaningful alpha over the medium term. Over the quarter, we had an underweight tilt in Australian equities compared to our benchmark, which has helped relative returns. While the fourth quarter was tough for **Fidelity Australian Equities** (Gold) and **Schroder Australian Equity** (Gold), which were bested by the benchmark (S&P/ASX 200), **Platypus Australian Equity** (Bronze) saw significant outperformance. Additionally, our allocation to **DNR Capital Australian Emerging Companies** (Silver) outperformed both the S&P/ASX Small Ordinaries index and the S&P/ASX 200 in the quarter.

While we have been overweight international equities versus our benchmark, which helped relative returns, four of five managers in the growth portfolio have underperformed their benchmarks (MSCI ACWI Ex Australia and MSCI ACWI Ex Australia 100% Hedged). **MFS Global Equity Trust II – I Hedged's** (Gold) quality growth at a reasonable price approach hasn't been in favour given the markets focus on the 'Magnificent 7'. Capital Group New Perspective (Gold) outperformed the index over the 2023 calendar year, but faced headwinds in the quarter. Similarly, **Barrow Hanley Global Share S** (Gold), which has a value tilt, struggled as growth outperformed value over the quarter. **GQG Partners Global Equity AUD Hedged** (Gold) had another strong quarter however, outperforming its benchmark with a positive return. In this portfolio we currently have exposure to emerging markets via **Vanguard FTSE Emerging Markets Share ETF** (Bronze) as we see attractive relative and absolute valuations versus the broader global equity benchmark, though the allocation underperformed the benchmark in the fourth quarter.

MFG Core Infrastructure, our choice for global listed infrastructure in the Medalist portfolios, outpaced its benchmark in the quarter.

We take a passive approach to our global property exposure and have chosen **iShares Global Listed Property Index Hedged S** (Bronze). It performed in line with its benchmark over the quarter.

Note: the above commentary excludes fund manager rebates to clients