Mason Stevens Foundation ETF High Growth Managed Portfolio Performance Report as at 31 December 2024

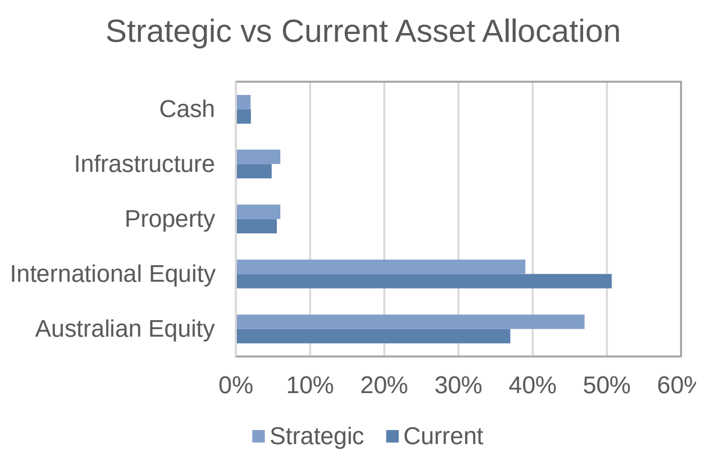
Investment objective and strategy

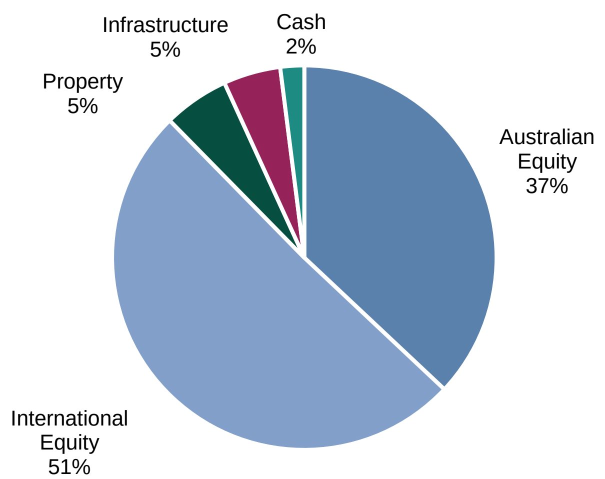
The portfolio is designed as a low-cost, all-in-one multi asset investment solution, with the aim of preserving capital and managing downside volatility/risk.

Portfolio performance as at 31 December 2024[1]

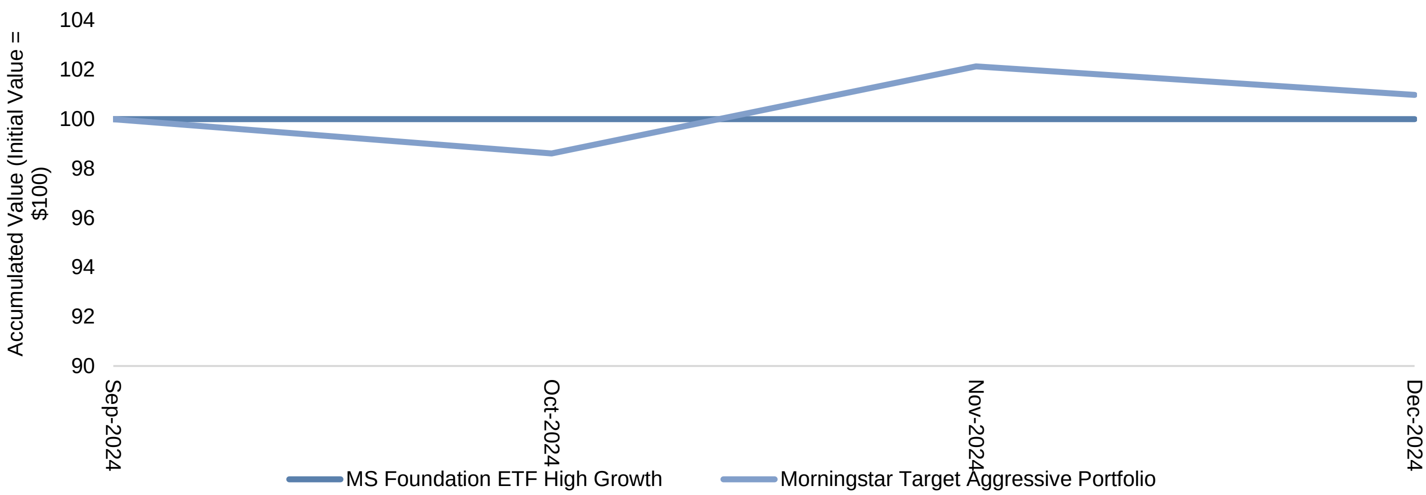
	1 month	3 months	6 months	1 year	Since Inception
Portfolio	**-1.68%**	**n/a**	**n/a**	**n/a**	**1.05%**
Morningstar High Growth Target Allocation	-1.13%	n/a	n/a	n/a	0.98%
Excess Return	-0.55%	n/a	n/a	n/a	0.07%

Portfolio positioning





Performance since inception



Past performance is not a reliable indicator of future performance.

(1) Portfolio returns are calculated net of management, performance, administration/custody and transaction fees, but excluding any adviser fees from the Managed Portfolio's inception date of 31/10/2023 and assumes reinvestment of all income (but not franking credits). Returns are based on the theoretical performance of a portfolio from the inception date based on simplifying assumptions and security weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Each client should also take into account their own taxation situations. All information provided in this report is correct as at the date of this report but without independent verification.

Monthly portfolio commentary

The portfolio delivered -1.68% for the month which was a combination of weak performance across most risk asset classes aside from international equities and Australian fixed income. International equities held up reasonably well against a backdrop of a surprisingly hawkish Fed meeting in mid-December. US equities in particular had a negative month however ex-US markets globally performed relatively better which helped out the asset class.

A stronger US dollar versus the AUD also helped performance in unhedged international equity exposures. The best performing ETFs for the month included NDQ and EMXC.

The portfolios performance will continue to be driven predominantly by our overweight growth assets exposure and tilt towards small caps, financials and industrials, and the US as a region. We believe that Trump 2.0 and earnings growth in the US will continue to support equities in the first half of 2025.

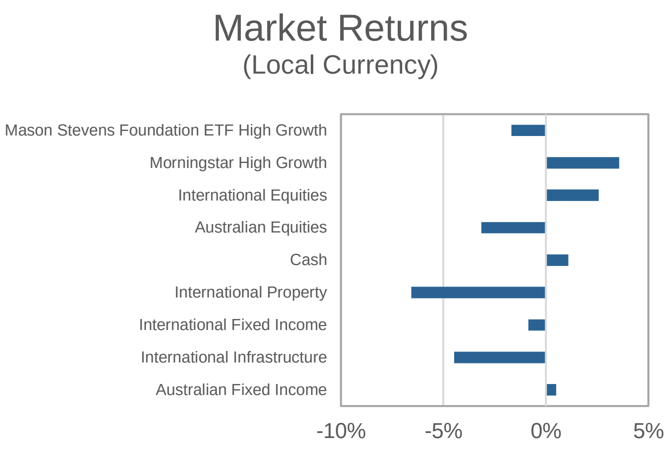
Market commentary and outlook

As we shift into 2025 the biggest challenge from a market perspective lies in quantifying the independent effects of potential US policy changes and then attempting to understand how these countervailing impacts will interact. With the breadth of unknowns in regard to each key policy across tariffs, deregulation, immigration and tax policy the only thing one can have conviction on right now is that the error bands are wide on every economic forecast. The year ahead is likely to be a tug-of-war between inflationary and disinflationary forces.

We continue to view Trump's policy mix as tilting up growth in the US as much as it tilts up real rates, providing a boost for US risk assets and the US dollar, while keeping credit spreads tight. As expected, it has already produced a backup in the US Treasury curve. This and inflation will be the metrics to watch in 2025. This supports international risk assets with US exceptionalism likely to drive geographic outperformance. With that said it is important to recognise valuations are high with the need for earnings growth and liquidity to drive risk asset markets further. The distribution of probable economic outcomes is wide and widening due to some potentially dramatic changes to US fiscal, regulatory, trade, and net financing policy — all of which may perpetuate a further hawkish shift in monetary policy.

The dynamics of credit spreads and long-end interest rates in Australia remain influenced by global event risks, particularly those emanating from the United States and broader international economic conditions. Despite the unique aspects of the Australian economic landscape, these financial metrics are significantly aligned with global movements. Recently, the RBA has adopted a more dovish stance on interest rates, though it remains vigilant, especially regarding incoming economic data. A key indicator for the RBA is the quarterly trimmed mean CPI, which helps gauge underlying inflation trends without the volatility of one-off price changes. In the context of Australia's slow economic growth, another low CPI reading could potentially trigger an interest rate cut by the RBA. However, this scenario is counterbalanced by a resilient labour market, which might keep inflation pressures higher than expected. Investors should brace for potentially lower returns in 2025 compared to the previous year, given the current relative value of investments and the anticipation of possible rate cuts by the RBA.

The market's expectation is for increased volatility throughout the year. This volatility, while posing risks, also opens up opportunities for portfolio adjustments and potentially higher returns from the fixed income asset class. Current market pricing suggests only marginal rate cuts from the RBA for the year ahead. Given this backdrop, coupled with the opportunities that volatility might present, the fixed income market could again offer relatively strong returns in 2025, provided investors navigate the market with strategic acumen.



Key features

Investment universe	Exchange Traded Funds (ETFs), Listed Managed Funds and Cash
Target Return	RBA Cash Rate + 2.5% p.a.
Number of investments	5 to 30 (subject to market conditions and Manager Discretion)
Min investment	$25,000 (or as agreed by the Investment-Sub Adviser)
Suggested timeframe	3 years +
Portfolio statistics	Underlying ICR – up to 0.30% Individual Holdings – 14
Portfolio Managers	**Jacqueline Fernley** - Chief Investment Officer **Lloyd Mitchell** – Head of Fixed Income & Markets
Investment Committee	Jacqueline Fernley - Chief Investment Officer, Brad Creighton – Head of Asset Allocation, Lloyd Mitchell – Head of Fixed Income & Markets, Andrew Ash – Head of Manager Research
Investment Sub-Advisor	The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) as Investment Sub-Advisor. MSAM is part of the Mason Stevens group of companies.

Contact:

Investors, please speak to your adviser

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The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) ABN 92 141 447 654, as the Investment Sub- Adviser. MSAM is a Corporate Authorised Representative (CAR 461312) of Mason Stevens Limited. Investment decisions are governed by an Investment Committee that ensures the appropriate discipline and rigour is applied to the investment process.

More information
Further information about the Portfolio, including fees and costs, is outlined in the Mason Stevens Foundation ETF Managed Portfolio Investment Mandate, available at masonstevens.com.au.

About Mason Stevens
Mason Stevens is a specialist wealth platform provider that focuses on Managed Account (MA) solutions. The company offers Outsourced CIO (Chief Investment Office) services that complement the platform and MA solutions. Established in 2010, Mason Stevens is led by some of Australia's most experienced finance and investment professionals. With offices in Sydney and Melbourne, Mason Stevens has a dedicated team of over 80 professionals committed to providing exceptional services nationwide.