

Pro-D High Growth Fund

Fund Update
31 March 2025

The Pro-D High Growth Fund is a cost-effective and diversified investment solution with a strategic asset allocation of 95% Growth assets and 5% Defensive assets. Combining the expertise of Farrelly Research & Management and Australian Unity, the Fund seeks to improve the tax-effectiveness of returns by investing across a range of active and indexed investment strategies. The Fund aims to deliver post-fee returns in excess of inflation plus 4.25% per annum over rolling five-year periods.

Performance as at 31 March 2025

	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Since inception % p.a.
Distribution return	0.00	0.00	4.01	6.43	6.25	6.33	6.87	6.86
Growth return	(2.04)	(0.49)	6.14	7.12	12.78	0.83	7.70	8.98
Fund total return	(2.04)	(0.49)	6.14	7.12	12.78	8.33	7.70	8.98
Target return	0.41	1.25	5.90	8.32	7.93	7.58	7.34	7.29
Excess return	(2.46)	(1.75)	0.24	(1.20)	4.85	0.75	0.36	1.69

Returns are calculated after fees and expenses and assume the reinvestment of distributions.

The target return objective is the Consumer Price Index, all groups, weighted average of 8 capital cities plus 5% p.a., until 31 March 2020 and 4.25% p.a. from 1 April 2020, and is an estimate only. It is based on the most recently released quarterly data from the Australian Bureau of Statistics, which typically lags by up to three months. No guarantee or assurance is provided as to the achievement of this target. Past performance is not a reliable indicator of future performance.

Inception date for performance calculations is 31 December 2012.

Fund returns

Share markets extended recent losses during March. US President Donald Trump implemented tariffs on imports of goods from China, Mexico and Canada of 25% (10% on Canadian energy, and with other exclusions / adjustments). Each of the three trading partners responded with retaliatory tariffs.

US consumer sentiment plunged during the month and US retail sales disappointed. The US paused aid to Ukraine following a hostile meeting between Ukrainian President Volodymyr Zelenskyy and Trump as European nations expressed concern about America's new foreign policy and announced plans to significantly ramp-up their own military spending. As tensions eased, Trump began ceasefire negotiations with both Zelenskyy and Russian President Vladimir Putin. Australian GDP growth printed 0.6% for the December quarter and 1.3% for the year. The Australian unemployment rate remained steady at 4.1% in February even as 52,800 jobs were lost (vs expectations of a 30,000 gain). Australian shares declined -3.3% and A-REITs fell -4.8%. Global share markets returned -5.0% and currency-unhedged investors returned -4.7%, aided by the AUD which gained against the US dollar and Japanese Yen but declined sharply against the Euro. The Australian 10-year government bond yield rose by 0.09% to 4.38% and the US 10-year government bond yield was unchanged at 4.21% at month end.

Against this backdrop, the Fund returned -2.0% for the month. The Fund's Australian unlisted healthcare property holding gained as did its global listed infrastructure holding, cash, mortgage and Australian duration-sensitive fixed interest exposures. The Fund's Australian share, international share and A-REIT allocations declined during the month. The Fund's one-year return sits at +6.1%, reflecting reasonable returns on most asset holdings during this period.

The Fund has achieved solid returns over longer periods. The return since inception is comfortably above objective (currently inflation + 4.25% pa), reflecting strong market and manager returns for much of the Fund's history, albeit impacted by COVID's emergence in 2020 and the share and bond market losses in calendar 2022.

Fund portfolio management

The Fund added to its Australian unlisted healthcare property holding and its Australian share allocation in aggregate. The Fund trimmed its other Australian unlisted property holdings, A-REIT and global share exposures as part of a broad portfolio rebalance.

Australian shares – The Fund expects to achieve an adequate return premium versus risk-free assets over the medium-to-long term, bolstered by franking credits. We hold a blend of underlying managers that provide diversification across company size, industry exposure and investment styles, to improve the consistency of returns.

International shares – The pace of market gains despite the recent pull-back has outpaced profit growth, reducing our expectation for future returns. Most countries' share markets are fairly priced, but US equities (and in particular the largest, technology-focused companies) appear expensive and risky. The Fund is significantly underweight to the US, while maintaining exposure to other markets.

Real assets – We have seen some equalisation of relative value between listed assets (which have generally decreased in price

recently from elevated levels) and unlisted property assets which experienced significant downward revaluations from mid 2022 to current. We believe the sector offers strong prospective returns for the risk being undertaken, and hold an overweight position to Real assets.

Defensive assets – Credit spreads offer adequate compensation for the risk being assumed. Accordingly, the Fund holds exposures to domestic and international credit managers.

Outlook

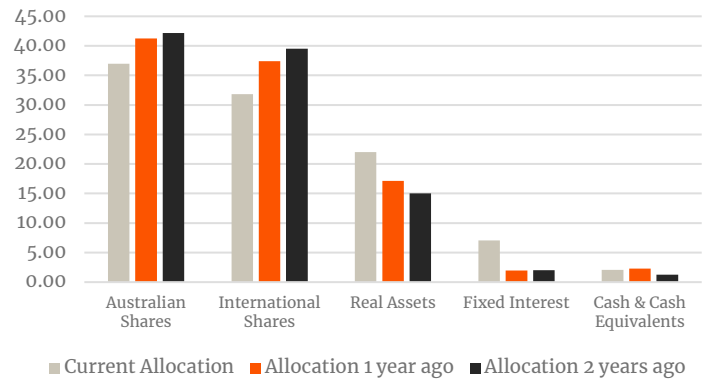
Investment markets are evaluating expectations of rate cuts amid signs of ongoing moderation in CPI inflation as well as economic growth concerns resulting from the global trade and tariff war taking shape. Notwithstanding the recent pull-back in markets, on a medium-to-long term view, a number of growth asset classes (especially US shares) offer a somewhat disappointing forecast return premium versus risk-free assets, leading the Fund to adopt a somewhat defensive overall risk posture.

Fund snapshot

APIR code	AUS0064AU
Funds under management	\$22.58m
Distribution frequency	Half yearly
Minimum initial investment	\$5,000
Entry/exit fee	Nil
Management fee*	0.75%
Buy/Sell spread	0.10%/0.10%
Advice fee	Available

*Refer to the Fund's Product Disclosure Statement for more details on the Fund's management costs which also include recoverable expenses and indirect costs. Total management costs may vary.

Asset allocation over time



Manager allocation

Fund Manager	Range %	Approach	%
Growth	0-100		90.84
Australian Shares	0-100		36.97
iShares		Index	25.92
Investors Mutual		Small Caps	3.64
Lennox		Small Caps	3.74
Platypus		Large/Mid Growth	2.14
Tyndall		Large Value	1.52
International Shares	0-100		31.84
Vanguard		Index excl. USA	12.15
iShares		Index Global	9.80
iShares		Index Unhedged	6.84
Antipodes		Concentrated	1.51
State Street		Value / Quality	1.52
Real Assets	0-100		22.03
iShares		Index Global Infra.	13.65
Australian Unity		Healthcare Property	6.28
iShares		Index A-REITS	1.89
Australian Unity		Hybrid Property	0.20
Defensive	0-100		9.14
Fixed Interest	0-100		7.08
MA Financial		Private Credit	2.07
Australian Unity		Mortgages	1.84
Pimco		Global Non-Govt IG	0.99
Barings		Global Non-Govt IG	0.83
Australian Ethical		Enhanced Cash	0.77
Bentham		Global High Yield	0.54
Cash & Cash Equivalents	0-100		2.06
Australian Ethical		Cash	2.06

Contact us

australianunity.com.au/wealth/
australianunitywealth@unitregistry.com.au

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Investor Services
T 1300 997 774

Adviser Services
T 1300 997 774