

Centuria Lifegoals

AB Managed Volatility Equities Fund

Centuria

The Fund aims to achieve returns that exceed the S&P/ASX 300 Accumulation Index after fees over the medium to long term.

Investment manager

AllianceBernstein Investment Management Australia Limited

Investment strategy

The Fund implements a managed volatility equities strategy that aims to reduce volatility by identifying, and investing in, high quality listed equity securities that have reasonable valuations, high-quality cash flows and relatively stable share prices. This Fund can invest up to 20% in international shares.

Target allocation

Australian equities	60-100%
Global equities	0-20%
Cash	0-20%

Performance returns

RETURNS TO 31/12/2023	1 MTH	3 MTH	6 MTH	1 YR	2YR ¹	3YR ¹
Net returns (%) ²	2.26%	2.49%	-0.46%	3.04%	-0.36%	3.06%

Performance graph



A \$10,000 investment in Centuria AB Managed Volatility Equities Fund made at inception is worth \$12,090 as of 31 December 2023 after all fees and taxes paid within the Investment Option.

Key features

APIR code	OVS3629AU
Minimum initial investment	\$500
Minimum additional investment plan	\$100
Minimum switching amount	\$500
Minimum balance	\$500
Contribution fee	Nil
Annual management fee ³	0.69%
Suggested timeframe	Minimum 5 years

- Periods greater than 1 year are expressed in annualised terms.
- Past performance is not a reliable indicator of future performance.
- Refer to PDS for fee breakdown.

For more information contact Centuria on **1300 50 50 50** or visit lifegoals.centuria.com.au to download the PDS.
Simple Flexible Versatile.

Fund commentary

Fund performance and activity

The Fund was up for the quarter but underperformed its benchmark, before fees. The healthcare and financials sectors detracted the most from relative performance, while energy and utilities contributed.

Pallet pooling company Brambles gave up some of its gains from the previous quarter despite reiterating its FY:23 earnings outlook at its first-quarter update. Pricing continued to increase at a declining rate, as did volumes. We continue to view its business as offering very resilient cash flows with entrenched customer relationships.

Commodities, particularly iron ore and met coal, strengthened as China moved to provide some support to demand. A lack of exposure to BHP and an underweight to Fortescue Metals detracted, while our position in Rio Tinto contributed to performance, as the mining companies climbed in line with the commodity strength.

Oil prices fell due to incrementally weak oil demand, particularly in the US, and a low probability of escalation in the Middle Eastern conflict. A lack of exposure to oil and gas producer Santos contributed to performance.

Gold producer Evolution Mining contributed as gold prices increased.

Market outlook

During the quarter, we added Woodside Energy to the Portfolio as it is a high-quality and cash-generative oil and gas producer. Furthermore, adding Woodside to the Portfolio helps reduce the macro risk of an escalation of the current war in the Middle East.

We added a position in Computershare, a share registration company, as we are attracted by its robust earnings outlook and a strong balance sheet that offers optionality for capital management. Computershare's substantial cash balance holdings provide significant near-term earnings upside in a higher-interest-rate environment.

We added shares of Fortescue Metals to the Portfolio as iron ore rallied on supportive measures from China's government for the country's property sector.

We exited our position in Amcor as we believe the concerns over weak demand and customer destocking could persist.

We sold our position in insurance broker Steadfast. While it is a well-run company, the recent run up in pricing has resulted in an overvalued stock price, in our view, and there are early signs of a turn in pricing.

After a strong run of performance, we sold our shares and took profits in software company Technology One as the risk of an earnings miss versus market expectations began to accumulate. Technology One trades on a high price-to-earnings multiple and has a recent history of high volatility after reporting, especially when there are small misses in earnings growth.

More broadly, risks we have long been concerned about such as inflation, rising rates, asset bubbles, and major economic and geopolitical tension are all currently unfolding, with Australian markets seemingly unconcerned. It is not clear that this optimism will be rewarded. We maintain our focus on diversifying risks, and are particularly focused on the ability of companies to offset inflationary pressures with pricing power. We aim to use fundamental insight to reduce our exposure to stocks with cyclical pressure, balance-sheet stress or negative events.

Disclaimer: This commentary has been directly sourced from the AllianceBernstein's quarterly factsheet available on their website.

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