

Monthly update August 2023

Profile Accumulation Portfolio Review

Market update:

The month of August saw an end to a five-month rally, as rising global bond yields largely led to a fall in global equities and bonds. Concerns around more rate hikes from major central banks, with inflation still well above their targets, continued to put upward pressure on global bond yields. Global equities were down, with the MSCI World ex Australia Index (hedged to AUD) returning -1.9% over August.

US markets returned -1.6% in August, as measured by the S&P 500 Total Return Index in local currency, primarily driven by rising US government bond yields, the Federal Reserve leaving the door open for more rate hikes and Fitch's downgrade of US credit rating increasing risks of another US government shutdown. Minutes released by the Fed from its July meeting indicated that further monetary tightening may be required as "most participants continued to see significant upside risks to inflation".

The Australian share market also declined over the month returning -0.8%, as measured by the S&P/ASX 300 Accumulation Index. Headline inflation, as measured by the Consumer Price Index (CPI), increased by 4.9% over the twelve months to July, easing from 5.4% in June. The Reserve Bank of Australia (RBA) decided to leave the cash rate unchanged at 4.1% in its August meeting, marking second consecutive month of rate pause.

Global developed market bond yields rose across most economies over August, continuing the uptrend seen over the last 4 months. The US 10-year Government bond yield increased by 13 bps, ending August at 4.09%, whilst the Australian 10-year Government bond yield slightly decreased by 2 bps, ending August at 4.04%. The Australian Dollar (AUD) depreciated by 3.5% against the USD over the month, ending August at 64.8 US cents.

Portfolio summary:

The Profile Accumulation Portfolio returned -1.1% in August. 'Equities' detracted most meaningfully from performance over the month, whilst 'Cash and Fixed Interest' and 'Property' also detracted. 'Alternatives' delivered a flat return, whilst PAP's exposure to foreign currency provided some downside protection as intended.

Within 'Equities', PAP's active global equity portfolio returned +2.0% (in AUD unhedged terms), above the benchmark return of +1.6%. The best performers in this portfolio were the two quality and value managers, Metropolis and Vulcan, returning +5.1 and +4.8% respectively (both in AUD unhedged terms). Within emerging markets, GQG returned +0.5% (in AUD unhedged terms), above the market index return of -4.7%, whilst the exposure to China A share manager FSSA delivered a negative return. All Australian equity managers underperformed their respective benchmarks over the month, contributing to the overall negative performance from 'Equities'.

Within 'Property', performance was helped by global listed property manager Resolution, returning +0.7% (in AUD unhedged terms) and beating the index return of +0.6%. Unlisted exposure to Palisade Impact also added to returns.

'Cash and Fixed Interest' detracted from returns over the month, with PAP's exposure to global government bonds via manager Insight posting losses as yields rose.

Within 'Alternatives', discretionary macro manager Maniyar returned +1.3% and diversified alternative credit strategies posted a return of +1.6% (in USD terms). Detracting from this was systematic macro hedge fund managers AHL Dimension Plus and Crabel over the month.

Finally, foreign currency, which is held for downside protection purposes, contributed back to returns, driven by the depreciation of the AUD against the USD and other major currencies.

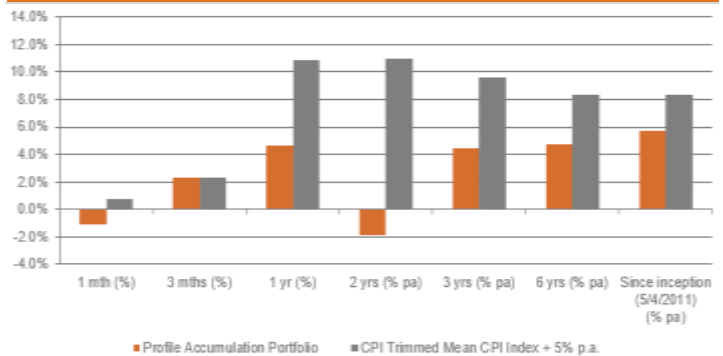
Portfolio summary¹

Unit Price (NAV)	\$1.0641
Month return	-1.1%
3 months	2.3%
1 year	4.7%
2 year (annualised)	-1.8% p.a.
3 year (annualised)	4.5% p.a.
5 year (annualised)	4.6% p.a.
6 year (annualised)	4.7% p.a.
Total return since inception (5 Apr 11)	98.8%
Average annual return since inception (5 Apr 11)	5.7% p.a.
Risk since inception (standard deviation)	6.3% p.a.
FUM	\$141.2m

Source: WTW. Past performance is calculated pre-tax and after fees and expenses. Past performance is not indicative of future performance.

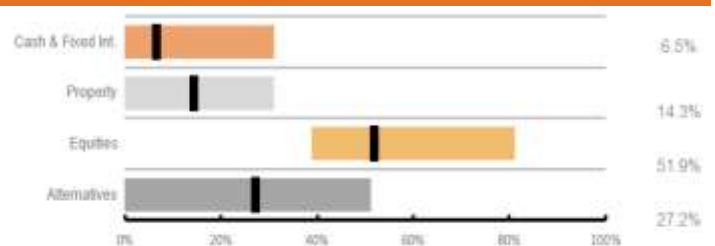
Net portfolio performance*

Profile Accumulation Portfolio versus objective (CPI+5% p.a.)^{4, #}



Asset class ranges & current allocations²

Current exposure



Top 5 Manager Allocations (ex-cash)³

1. GQG Partners Emerging Markets Equities Fund
2. Resolution Global Property Securities Fund
3. Stepstone Secondary Opportunities Fund III
4. Insight Leveraged Bond Fund
5. Yarra Australian Equities Fund

¹Inception is 5 April 2011. Past performance is calculated pre-tax and after fees and expenses, assumes distribution reinvestment but does not take into account inflation. Past performance is not indicative of future performance.

²The current exposures include the underlying asset allocations of each investment. ³Manager allocations are presented on a look-through basis.

⁴Return objective is CPI+5% p.a. for PAP (reduced from CPI+6% p.a. from 1/6/2019). The numbers shown take into account this staggered objective.

The CPI is the trimmed mean Consumer Price Index published by the Reserve Bank of Australia.

Profile Accumulation Portfolio

Fact sheet

About the portfolio

The Profile Accumulation Portfolio (the Portfolio) aims to preserve and grow investors' wealth relative to the cost of living, with medium to high volatility. The Portfolio can invest in all the major asset classes including local and international fixed interest, property, equities, alternative investments and cash. The skills of specialised investment managers are used, together with selected listed investment vehicles and direct investments. It is diversified, being exposed to a broad range of individual investments, managers, strategies, themes, geographic areas and asset classes.

Investment objective

The Portfolio aims to achieve the following objectives over rolling three year periods:

- ◆ net returns of CPI[#] plus 5% per annum (i.e. after fees and expenses), and
- ◆ volatility of 5-10% per annum (as measured by the annualised standard deviation*)

About Profile

Profile Financial Services (Profile) is a firm of financial and investment strategists, with an over 30-year history of delivering quality advice and measurable value to the lifestyles of its clients and their families. Profile provides strategic advice on approximately \$560m in FUA, and actively manages \$200m in FUM on behalf of clients (as at December 2022). Profile is the Investment Manager for the Portfolio.

Investment philosophy

Profile's objectives based investing philosophy is at the core of the way the Portfolio is managed. Profile is focused on constructing the Portfolio in a way that, when used appropriately, has a high probability of meeting investors' goals in the appropriate timeframes. The asset allocation approach is flexible enough to cope with rapidly moving markets and is designed to reduce the impact of short-term market volatility on investors.

Investment process

The investment process has the following key features:

- ◆ emphasis on short-term downside protection while still providing the capacity to achieve superior absolute returns over the long-term,
- ◆ proprietary analysis to facilitate investment decisions that meet portfolio objectives while remaining aligned with broader risk parameters,
- ◆ forward looking dynamic asset allocation underpinning transparent, simple, and effective portfolio and risk management,
- ◆ a search for fundamental (as opposed to relative) value across all asset and sub-asset classes, geographies and investment strategies,
- ◆ diversification across investment opportunities and 'best value for money' ideas,
- ◆ a rigorous and comprehensive manager and security due diligence process, and
- ◆ use of investment managers which have a degree of flexibility across their investment mandate, which looks for opportunities within their field of expertise, and are often not constrained by benchmarks.

[#]The CPI is the trimmed mean Consumer Price Index published by the Reserve Bank of Australia

^{*}A measure of the degree of variation of returns around the mean (average) return. Increasing levels of dispersion around the mean leads to higher standard deviations, indicating a higher degree of volatility and risk.

Reports have been prepared and issued by Profile Financial Services.

This fact sheet and monthly report does not take into account any particular person's objectives, financial situation or needs. Investors should seek professional advice before making investment decisions. The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the issuer of interests in the Profile Accumulation Portfolio ARSN 149 248 662 (the Portfolio). The Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the offer are available from Profile's website at www.profileservices.com.au or by contacting Profile. Both the PDS and TMD should be considered in full before deciding to acquire or continue to hold an investment in the Portfolio. Neither Profile Financial Services or The Trust Company (RE Services) Limited guarantee repayment of capital or any particular rate of return from the Fund and give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgements as at the date of this document are subject to change without notice. Figures include GST unless stated otherwise. Applications can only be made on the application form attached to the current PDS.

[^]Please refer to the Portfolio PDS for a detailed description of fees and fund facts.

FACTS AT A GLANCE[^]

TYPE

Actively managed diversified portfolio using specialised investment managers and selected listed investment vehicles and direct investments

INVESTMENT MANAGER

Profile Financial Services

ASSET CONSULTANT

Willis Towers Watson

RESPONSIBLE ENTITY

The Trust Company (RE Services) Limited

STRUCTURE

Open ended Australian registered unit trust

OBJECTIVE

Net returns of 5% above the rate of inflation over rolling 6 year periods

SUGGESTED INVESTMENT TIMEFRAME

Minimum 6 years

LEVEL OF RISK (VOLATILITY)

Medium to High

MINIMUM INVESTMENT

\$25,000

FUND START DATE

April 2011

APPLICATIONS & WITHDRAWALS

Weekly and monthly

DISTRIBUTIONS

If payable, semi-annually

MANAGEMENT FEE

0.85% p.a.(excluding GST)

PERFORMANCE FEE

10.25% (including GST)

PERFORMANCE BENCHMARK*

Bloomberg AusBond Bank Bill Index

^{*}The objective hurdle must also be met in any given month

ENTRY/EXIT FEE

None

BUY/SELL SPREAD

0.15% both sides (to the Portfolio)

UNIT PRICES

Weekly and monthly

APIR CODE

SLT0020AU

ARSN

149 248 662