

**PORTFOLIO OBJECTIVE**

The portfolio seeks to generate long-term capital appreciation by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the S&P/ASX 200 Accumulation Index benchmark.

**PORTFOLIO DETAILS**

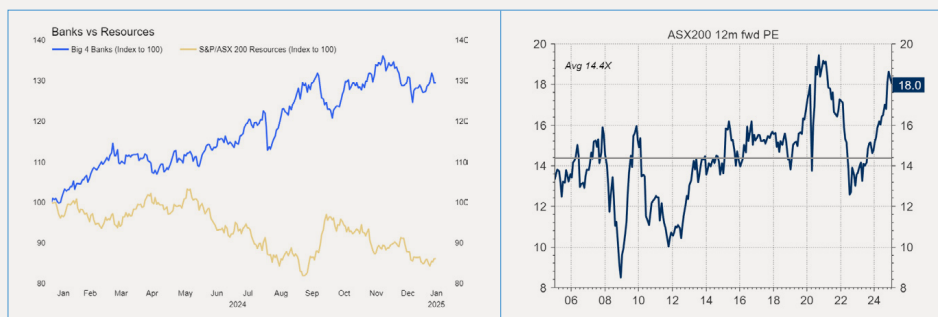
Inception date: Feb 2014  
 Investment minimum: \$25,000  
 Investment time horizon: 5+ years  
 Management fee: 0.6%  
 Maximum holding limit: 12%  
 Number of stocks: 20 - 40  
 Gross Dividend Yield 3.76%\*  
 Net Dividend Yield 3.02%

\* Forecast gross yield inc franking for the next 12 months

The ASX 200 fell 3.2% in December as expectations that interest rates would be cut aggressively by the US Federal Reserve in 2025 faded as the economy continued to show remarkable resilience. The weakness in stock prices in December was, however, an anomaly in 2024 as global equities delivered a second consecutive year of double-digit total returns. Remarkably the rise in US S&P 500 in the past two years has been one of the strongest since 1928, largely driven by strong earnings growth by the Magnificent 7 companies (Apple, Microsoft, Alphabet, Amazon, NVIDIA, Meta, & Tesla).

The ASX 200 also enjoyed another year of higher returns (+7.5%), yet the re-rating was primarily driven by PE valuation expansion rather than earnings growth. Banks accounted for the bulk of the ASX 200 return, delivering a total return of >30% in 2024. The best performing factor theme for the ASX 200 was Price Momentum ~+19.5% versus Value ~+3.7%. Growth whether in the US or Australia was clear winner in 2024.

The bifurcation of returns for the ASX 200 was stark with the Banks, Technology and Discretionary consumer stocks delivering the strongest returns compared to the laggard returns of the commodity sector with Energy and Materials falling ~18% for 2024.



Source: LSEG Datastream, Blackmore Capital

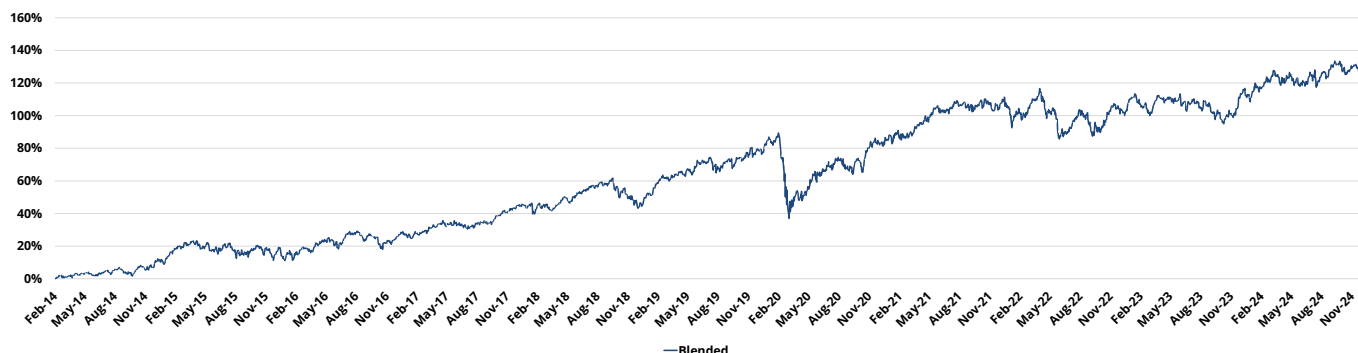
For December at a sector level, Consumer Staples (+0.6%), Utilities (0.4%), and Energy (+0.3%) contributed positive returns. In marked contrast, Real Estate (-6.4%), Materials (-4.5%), and Financials (-4.1%) lead the declines.

At a portfolio level, Santos, CSL, and Origin Energy were notable strong performers. Whereas James Hardie, Ramsay Health Care, and Northern Star weighed on performance.

A looming threat overhanging equity markets is that inflationary pressures remain persistently higher than central banks would like. Clearly, this concern has weighed on the US Federal Reserve by adopting a "careful approach" in cutting interest rates further this year on concern that easier credit conditions could re-ignite inflationary pressures.

While the ASX 200 PE valuation adjusted lower in December as prices fell, valuations remain elevated on a 12-month forward PE ~18 times, well above its historical average of ~14.4 times. For the equity market to make further sustainable gains this year, it needs to be accompanied by earnings growth and at least in the short term this looks challenging with the market expecting modestly negative earnings growth for the remainder of FY25. In the absence of near-term earnings growth, and persistently higher bond yields, equity markets are vulnerable to a pull-back. With this backdrop, we felt it prudent to raise cash levels in December to ~10% in the portfolio. An emphasis on earnings quality and balance sheet strength remains steadfastly important.

**CUMULATIVE RETURN FROM INCEPTION**



## PORTFOLIO RETURNS

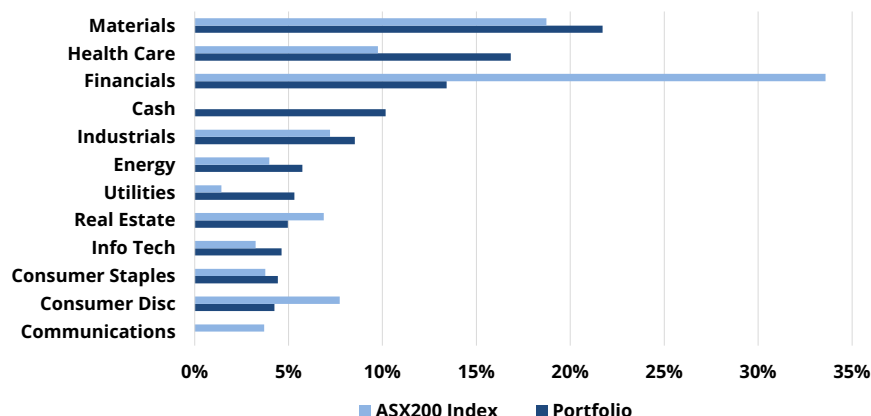
	1 month	3 months	6 months	FYTD	1 year	3 years	5 years	7 years	10 years	Inception p.a	Since inception
Portfolio performance	-3.9%	-5.0%	0.6%	0.6%	2.9%	2.0%	4.7%	6.3%	7.2%	7.6%	121.9%
ASX 200 Accum Index	-3.2%	-0.8%	6.9%	6.9%	11.4%	7.4%	8.1%	8.5%	8.5%	8.2%	135.7%

\* Returns are net of management fees. Performance includes reinvestment of all dividends and excludes franking credits.

## TOP 5 HOLDINGS

Stock	Weight
CSL	8.9%
BHP	7.8%
MQG	6.6%
CWY	6.1%
JHX	5.8%

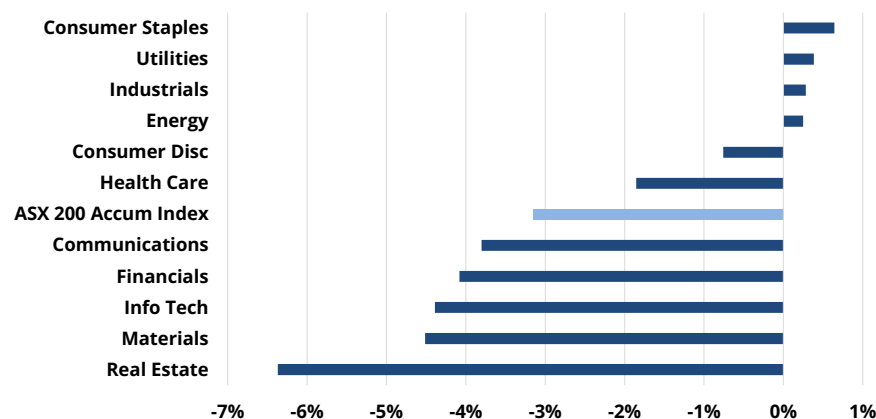
## RELATIVE SECTOR WEIGHTS - DECEMBER 2024



## PLATFORM AVAILABILITY



## SECTOR RETURNS - DECEMBER 2024



## RATINGS & AWARDS



Australian Equities Winner  
2020 IMAP MANAGED ACCOUNT AWARDS



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