

FLACK

**Flack Group Model Portfolios Quarterly Report
March Quarter 2023**

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Since the beginning of the year there have been several combined factors continuing to influence movements in global equity markets. One of these has been the general acceptance now of COVID-19 as just another endemic virus infection, in contrast to the uncertainties and initial panic that had negatively impacted global markets over the previous three years and referred to in earlier Reports.

The war in Ukraine has continued unabated, with its consequent contribution to sudden inflationary pressures that began in early 2022. This resulted in abnormally rapid increases in global interest rates, causing marked rotation away from growth sectors of equities markets.

There is now good evidence that these inflationary pressures are easing and consequently there is cause for interest rates also to stabilise. The inflation rate has fallen in Australia in each of the last two months, and similar effects are becoming evident globally. The last interest rate increase in the US was reduced from the usual 0.50% to 0.25%, and the cumulative effect of those increases so far saw the introduction of some financial instability in the US and other banking systems during March.

An obvious conclusion to reach from these situation changes as related to equities markets is that an inflection point has been reached for their negative influences on growth sectors, and that growth now is likely to be favoured going forward. There is strong evidence that this has been pre-empted already by global markets through comparison of the relative out performances of their growth sectors over the last few months. This suggests that the systemic growth-to-value rotation cycle now has reversed, and that growth assets will return to their normal out performance characteristics. The significance of this is expanded upon further in this Report.

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Changes over the March Quarter that have occurred both in global indices and in the Flack SMAs are summarised in the Table below and in the respective graphics following.

Major Market Changes for March Quarter

S&P/ASX 200 (XJO)	1.98%
S&P 500 Index	7.03%
NASDAQ Composite (IXIC)	16.77%
MSCI World 100 (MSCI)	6.03%

Flack Model Changes for March Quarter

Dynamic Australian Share Model	1.72%
Dynamic Diversified Markets Model	9.33%

The Table above shows that the Quarter was positive for each of the relevant market indices, with the ASX200 standing out as the laggard, achieving only capital growth of +1.98% over the 3-month period. In comparison, other relevant general market indices achieved gains of +7.03% (S&P500) and +6.03% (MSCI World 100). These gains were bettered by the two relevant tech-heavy indices, the Australian All-Tech XTX (+10.32%) and the NASDAQ (+16.77%). In fact, the NASDAQ has risen by +21.1% from its October 2022 low of 10,088.8 to now be in a technical bull market. The swing back towards growth is manifest in these performance comparisons, with the ASX predominantly a cyclical market.

Conclusion

There is significant evidence that inflation pressures and consequent interest rate rises are near to peaks, and that equities markets have anticipated this situation through an inversion of the growth-to-equity rotation cycle that dominated their movements throughout 2022. This can be interpreted in the context of an identified markets decadal cycle in which a strong five-year bull market has historically followed an interest rate-induced market low around the third year of a decade. If so, then the growth sectors favoured by the Flack Group models can be expected to dominate their performance from this point onwards.

Dynamic Australian Share (DAS) Model

Model Portfolio Name: Calnan Flack Dynamic Australian Share Model

Manager: Flack Group

Platform: Praemium

Investment Objective

With an “Opportunistic” investment style, the objective of the Calnan Flack Dynamic Australian Share Model is to provide investors with a mix of income and capital growth over the long term for a portfolio of Australian shares drawn predominately from the ASX300. Income may include some franking credits.

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The Australian Share Model has closely tracked the ASX200 Index over the Quarter, with an insignificant difference between their overall gains of +1.72% and +1.98%, respectively.

Returns



Percentage returns

	3 mths	6 mths	1 yr	Since inception*
Calnan Flack Dynamic Australian Share Model	1.72%	3.98%	-21.26%	-9.77%
S&P/ASX 300 Accumulation Index	2.53%	12.76%	-0.57%	7.43%

*Inception date 11/03/2021. Prior to this date a similar model was managed under a different mandate, longer-term historical performance with the previous mandate is available upon request. Past performance is not an indicator of future performance. No allowance has been made for taxation and fees are not taken into account. Returns quoted are for the model portfolio.

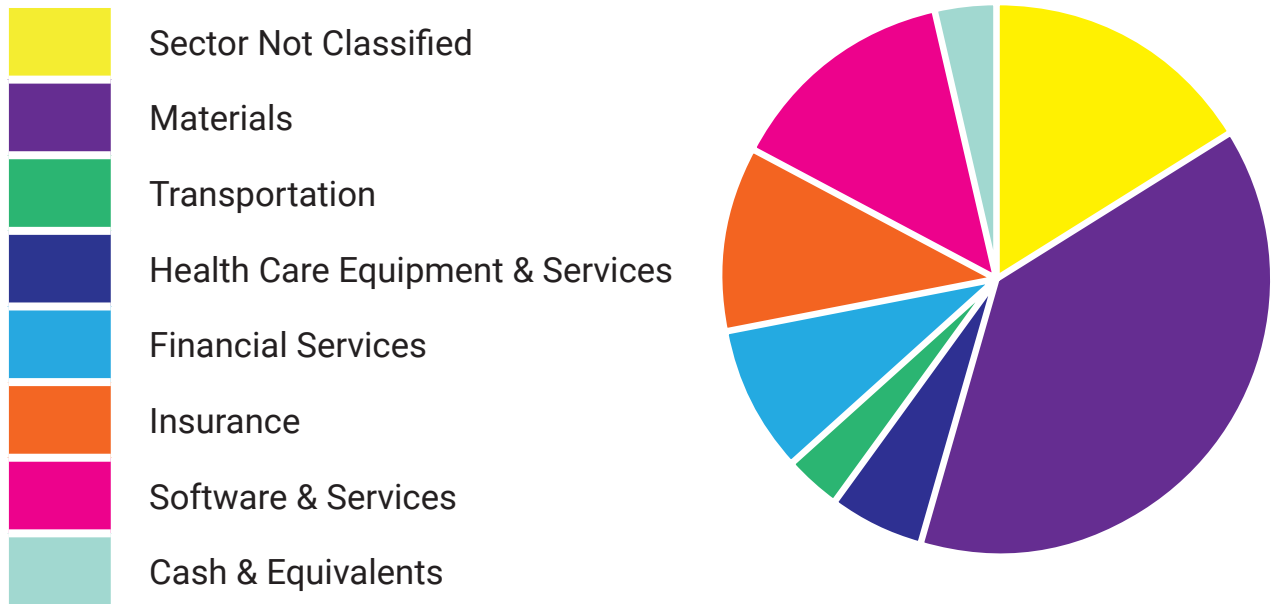
Holdings

AIA AUCKLAND INTERNATIONAL AIRPORT
AUB AUB GROUP
BHP BHP GROUP
BSL BLUESCOPE STEEL
FMG FORTESCUE METALS GROUP
GEAR BETASHARES GEARED AUSTRALIAN EQUITY FUND HUB
HUB24 LIMITED FPO
ILC ISHARES S&P/ASX 20 ETF
ILU ILUKA RESOURCES
MIN MINERAL RESOURCES
MQG MACQUARIE GROUP
OZL OZ MINERALS
PME PRO MEDICUS
QBE QBE INSURANCE GROUP
RIO RIO TINTO
S32 SOUTH32
SDF STEADFAST GROUP
TNE TECHNOLOGY ONE
WTC WISETECH GLOBAL

*All returns and holdings as at 31st of March 2023.

Major Active Positions

Portfolio Holdings by Sectors as at 31st March 2023.



Dynamic Diversified Markets (DDM) Model

Model Portfolio Name: Calnan Flack Dynamic Diversified Markets Model

Manager: Flack Group

Platform: Praemium

Investment Objective

The Calnan Flack Dynamic Diversified Markets Model provides investors with exposure to a mix of both capital growth and income assets in an environment where the manager can make changes to the asset allocation.

The Flack Group investment philosophy is for long-term holdings whose characteristics are determined through recognition of the existence of different price directional movements at times within a longer cycle.

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The Diversified Markets Model has well exceeded the performance of the Australian market with an overall gain of +9.33% over the three months. Its graphic shows a pattern of stable growth in comparison with the volatility displayed by the ASX200 Index. In doing so the Diversified Markets Model has bettered the performance of both the S&P500 and the MSCI World indices expressed in AUD.

Returns



Percentage returns

	3 mths	6 mths	1 yr	Since inception*
Calnan Flack Dynamic Diversified Markets Model	9.33%	12.56%	-2.51%	0.39%
RBA Cash Rate +2%	1.01%	2.51%	4.07%	3.1%

*Inception date 27/04/2021. Prior to this date a similar model was managed under a different mandate, longer-term historical performance with the previous mandate is available upon request. Past performance is not an indicator of future performance. No allowance has been made for taxation and fees are not taken into account. Returns quoted are for the model portfolio.

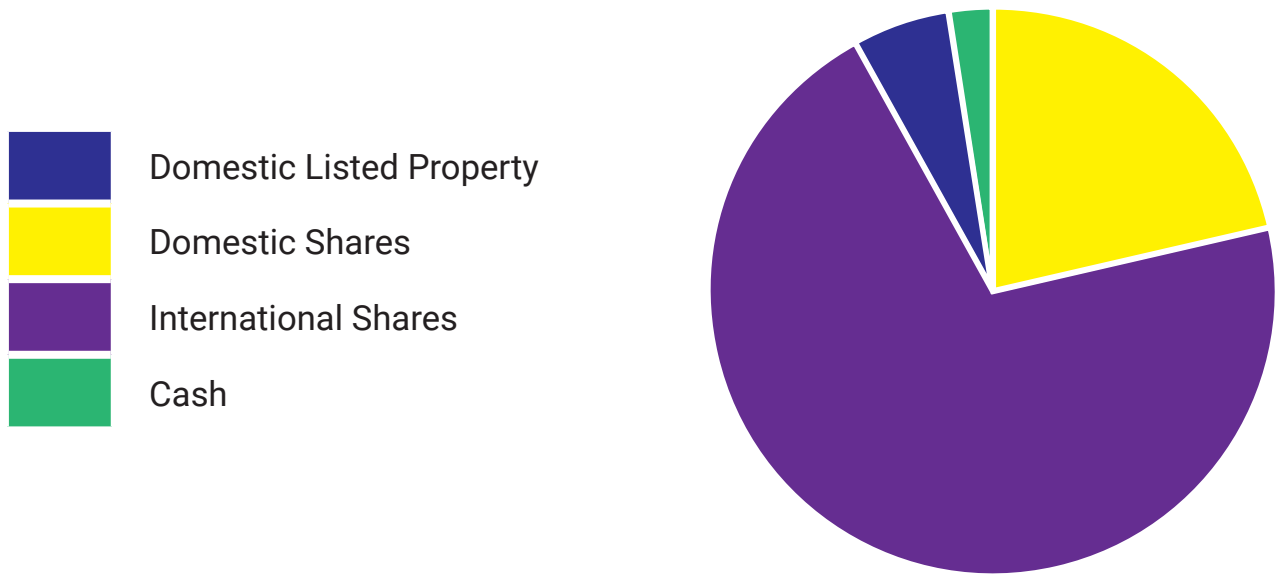
Holdings

ASIA BETASHARES ASIA TECHNOLOGY TIGERS ETF
ATEC BETASHARES S&P/ASX AUSTRALIAN TECHNOLOGY ETF
FANG GLOBAL X FANG+ ETF
IJR ISHARES S&P SMALL-CAP ETF
IKO ISHARES MSCI SOUTH KOREA ETF
ISO ISHARES S&P/ASX SMALL ORDINARIES ETF
IVV ISHARES S&P 500 ETF
IXJ ISHARES GLOBAL HEALTHCARE ETF
MVE VANECK S&P/ASX MIDCAP ETF
NDQ BETASHARES NASDAQ 100 ETF
ROBO GLOBAL X ROBO GLOBAL ROBOTICS & AUTOMATION ETF
VAP VANGUARD AUSTRALIAN PROPERTY SECURITIES INDEX ETF
VGS VANGUARD MSCI INDEX INTERNATIONAL SHARES ETF

*All returns and holdings as at 31st of March 2023.

Major Active Positions

Portfolio Holdings by Sectors as at 31st March 2023.



Performance of your investment in the fund is not guaranteed, past performance is not a reliable indicator of future performance. Percentage returns quotes have been calculated using the Time Weighted Return (TWR) method for the Model Portfolio. Performance is calculated using the closing prices of the Model Portfolio and will include any distributions, income entitlements but excludes franking credits, taxes and fees. Investor performance may differ from the Model Portfolio performance. This document provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation, and needs. No person should act on the basis of any matter contained in this document without obtaining specific professional advice. This is not an offer document and does constitute a recommendation, offer or a solicitation of an offer to buy or sell securities. This material has been prepared as general information only and is only intended to provide a summary of the subject matter covered.

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