



# AB Managed Volatility Equities—Carbon Offset Class

## MVE-Carbon Offset Class Objective

- The MVE-Carbon Offset Class aims to achieve returns that exceed the S&P/ASX 300 Accumulation Index after fees over the medium to long term and to reduce net greenhouse gas emissions associated with its portfolio holdings.

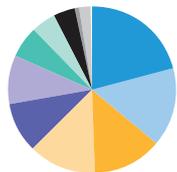
## Why Consider Investing in This Fund?

The MVE-Carbon Offset Class is designed for equity investors seeking:

- Lower volatility
- Reduced downside risk in falling equity markets
- The potential for long-term capital growth and some income, including franked Australian dividend income
- An investment that aims to reduce net greenhouse gas emissions associated with its portfolio holdings

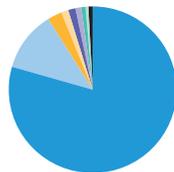
## Class Structure

### Sector Allocation



- Financials: 21.1%
- Healthcare: 15.1%
- Consumer Staples: 13.5%
- Materials: 12.9%
- Communication Services: 9.8%
- Industrials: 9.4%
- Consumer Discretionary: 6.3%
- Technology: 4.7%
- Utilities: 4.1%
- Energy: 0.7%
- Cash: 2.5%

### Country Allocation\*



- Australia: 77.8%
- US: 11.3%
- Switzerland: 2.6%
- Japan: 1.4%
- Denmark: 1.3%
- Canada: 1.2%
- Germany: 0.7%
- Singapore: 0.7%
- UK: 0.6%

Numbers may not sum due to rounding.

\* Australia exposure is composed of ASX-listed securities

- Having made reasonable inquiries, we are not aware of any companies with a primary business in carbon capture and storage, nuclear technology or nuclear power in the current portfolio holdings of the MVE-Carbon Offset Class as at the date of this monthly fact sheet.

## MVE-Carbon Offset Class Performance

	Gross Fund Returns	Total Returns	Growth Returns	Distribution Returns	Benchmark Returns <sup>†</sup>	Relative Returns
One Month	2.84%	2.80%	2.80%	0.00%	1.10%	1.70%
Three Months	9.42%	9.29%	8.31%	0.98%	13.89%	-4.59%
FYTD	3.25%	2.97%	2.04%	0.93%	8.64%	-5.67%
One Year	6.62%	6.15%	1.99%	4.16%	6.66%	-0.51%
Three Years	6.05%	5.61%	0.23%	5.37%	9.27%	-3.66%
Five Years	7.75%	7.30%	2.94%	4.36%	9.67%	-2.38%
Since Inception <sup>‡</sup>	8.23%	7.77%	3.50%	4.27%	10.54%	-2.77%

See Performance Figures disclosures.

<sup>†</sup> S&P/ASX 300 Accumulation Index

<sup>‡</sup> MVE-Carbon Offset Class inception: 19 December 2018

## Top 10 Holdings (% Total Net Assets)

Stock Name	Portfolio	Index
Medibank	5.1	0.5
Telstra	4.9	2.0
Sonic Healthcare	4.8	0.6
Coles Group	4.7	0.9
Woolworths	4.5	1.9
Rio Tinto	4.3	2.1
Lottery Corp	4.3	0.5
Spark New Zealand	4.2	0.0
APA Group	4.1	0.5
Deterra Royalties	3.7	0.1
<b>Total Number of Stocks</b>	50	293

## Key Facts

Lead Portfolio Manager	Roy Maslen
Inception Date	19 December 2018
Class Size	A\$37,723,101
Carbon Credit Cost	0.11%
Minimum Investment	A\$500,000
Entry/Exit Fee	None
Buy/Sell Spread	0.25%/0.25%
Management Fee	0.47% p.a.
ICR <sup>§</sup>	0.46% p.a.
Distribution Frequency	Quarterly

<sup>§</sup> Indirect cost ratio (ICR). Financial year to date, annualised. The ICR includes a 0.11% p.a. accrual made for our estimate of the carbon credit cost.

Monthly Fact Sheet

**Class Review**

- In January, the MVE – Carbon Offset Class outperformed its benchmark, the S&P/ASX 300 Index, which was up 1.10%.

**Contributors**

- On a sector basis, materials and industrials were the main contributors, while energy and financials detracted.
- Lack of exposure to BHP contributed to relative performance. The mining company underperformed the index as a result of BHP's key commodities (iron ore and copper) softening through the start of January.
- Australian health insurer Medibank was a contributor as the insurance sector more broadly outperformed, with limited stock-specific news during the month.
- Pallet company Brambles outperformed as pricing indicators appeared stronger than expected.

**Detractors**

- Gold producer Evolution Mining underperformed following the release of the second-quarter production results that missed expectations for gold production volumes.

- An underweight to biotech company CSL detracted on limited stock-specific news as the healthcare sector outperformed broadly.
- Retailer Woolworths underperformed as the market focused on a slowing consumer amid increased cost of living pressures and rising noise in the press regarding pricing behaviour of the two main supermarkets in Australia. With fairly flat margins over the past four years, we see little top-down evidence of price increases larger than increases in costs.

**Class Change Highlights**

- During the month, we initiated a position in commodity trading company GrainCorp. Recent rains have improved the medium-term outlook for broad acre cropping in key regions for the company, supportive of earnings in fiscal years '24 and '25. Flooding appears to have been mostly in areas that are not used for cropping, which is supportive of GrainCorp's near-term earnings.
- We trimmed our position in Brambles, taking profits after its outperformance.

**Performance Figures**

In Australian dollars. Numbers may not sum due to rounding. The total, growth and distribution returns of the Fund are net of fees and costs and do not allow for tax or inflation. Performance is calculated in accordance with the Financial Services Council Standard No. 6, using the relevant end-of-month exit prices, and assumes that income is reinvested and that the investment is held for the full period. The performance figures are historical and past performance is not necessarily an indication of future performance. The information above may change.

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