

Quarterly Update for Month Ending June 2024

Investment objective

To outperform the benchmark by 4% p.a. over a rolling three-year period.

Key information

Code	NTH0374
Manager name	DNR Capital
Inception date	03 October 2023
Benchmark	S&P/ASX 200 TR Index
Asset class	Australian Equities
Number of underlying assets	25
Minimum investment horizon	5 years
Portfolio income	Default - Reinvest
Management fees and costs	0.82%
Performance fee	0%
Estimated net transaction costs	0.02%
Estimated buy/sell spread	0.00%/0.00%
Risk band/label	6/High
Minimum investment amount	\$25,000

About the manager

DNR Capital

DNR Capital is an Australian investment management company that delivers client-focused, quality investment solutions to institutions, advisers and individual investors. Founded in 2001, they specialise in the delivery of individually and separately managed accounts in the Australian market and aim to deliver investment out-performance to investors. DNR Capital is a signatory to the Principles for Responsible Investment (PRI).

Returns

as at 30 June 2024

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return ¹	10.62	0.52	-1.73	2.36	-	-
Income	2.41	0.07	0.43	1.71	-	-
Growth	8.21	0.45	-2.16	0.65	-	-
Benchmark ²	12.97	1.01	-1.05	4.22	-	-

Sector Allocation



as at 30/06/2024

Financials	18.5
Health Care	17.7
Communication Services	13.5
Industrials	13.1
Materials	12.5
Real Estate	6.9
Information Technology	6.0
Energy	4.1
Other	3.9
Cash	3.9

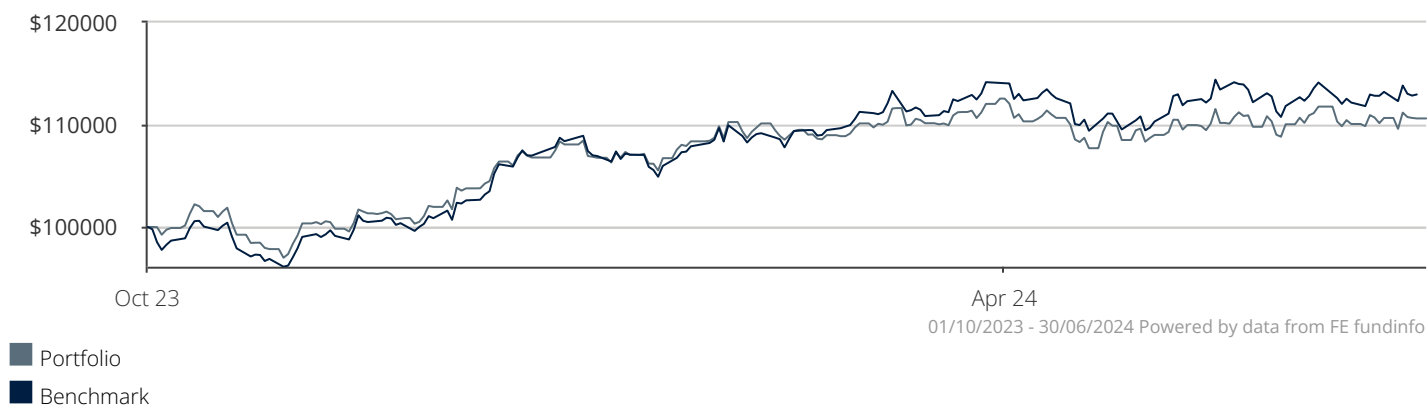
Asset allocation data sourced via Morningstar® from the underlying fund manager.

¹ The managed portfolio performance represents total return for the periods. Returns have been calculated using the time-weighted method, they assume distributions are reinvested and are after investment management fees and indirect costs. Total and growth returns include accrued distributions, while income return includes paid distributions only. Returns do not take into account tax payable. Individual client returns may vary based on the contributions, withdrawals, and timing differences within the managed portfolio

² The applicable Benchmark for this portfolio is shown in the Key Information section.

Performance history

\$100,000 invested since 01/10/2023



Managed portfolio holdings³

Holding	Allocation (%)
Als Limited Ordinary Fully Paid	3.9
BHP Group Limited Ordinary Fully Paid	9.1
CAR Group Limited Ordinary Fully Paid	2.7
Cash Account	4.1
Cleanaway Waste Management Limited Ordinary Fully Paid	3.3
Cochlear Limited Ordinary Fully Paid	2.7
Computershare Limited. Ordinary Fully Paid	3.3
CSL Limited Ordinary Fully Paid	11.1
Goodman Group Fully Paid Ordinary/Units Stapled Securities	1.1
Idp Education Limited Ordinary Fully Paid	2.5
Iress Limited Ordinary Fully Paid	1.7
Lendlease Group Fully Paid Ordinary/Units Stapled Securities	2.5
Macquarie Group Limited Ordinary Fully Paid	6.0
National Australia Bank Limited Ordinary Fully Paid	8.2
QBE Insurance Group Limited Ordinary Fully Paid	4.1
Qube Holdings Limited Ordinary Fully Paid	2.9
Resmed Inc Cdi 10:1 Foreign Exempt NYSE	3.9
RIO Tinto Limited Ordinary Fully Paid	3.6
Scentre Group Fully Paid Ordinary/Units Stapled Securities	3.0
Seek Limited Ordinary Fully Paid	4.8
Telstra Group Limited Ordinary Fully Paid	5.7
Woodside Energy Group Ltd Ordinary Fully Paid	4.0
Woolworths Group Limited Ordinary Fully Paid	1.6
Xero Limited Ordinary Fully Paid	4.0

Quarterly manager commentary

Market Update

The market finished lower in the June quarter, with the S&P/ASX 200 Total Return Index returning -1.05% during the period.

Utilities (+12.1%) was the best performing sector during the period. As the country struggles with its energy policy, the system is being left increasingly fragile and threateningly short of energy. Prices on the East Coast spiked in the period, with cold weather, coupled with poor renewables capacity factors causing shortages (ORG +18.0%, AGL +29.9%).

Information Technology (+2.8%) also outperformed, adding to its strong run. Led by U.S markets and their "Magnificent 7" complex, investors are crowding towards growth names and particularly those with some perceived AI exposure. Their performance was perhaps somewhat tempered by their long-duration nature, exposed to higher bond rates (WTC +6.8%, TNE +9.9%).

Energy (-6.9%) was the worst performing sector, as global growth shows signs of weakening. Some underwhelming prints regarding the employment market and the consumer in particular, have raised concerns. Coupled with excess capacity in OPEC+ and continued growth in the U.S shale, energy investors have become cautious (WDS -7.5%, ALD -18.7%).

A-REITs (-6.8%) also underperformed, with a large selloff in bonds early in the period. While weaker economic conditions seen in later months saw bonds rally, the sector has not really recovered. Some REITs remain more exposed than other to cyclical weakness, with office stills struggling from COVID impacts and residential reliant on settlements (DXS -15.4%, SGP -10.6%).

Portfolio Update

The portfolio delivered a return of -1.73% over the June quarter.

The portfolio's allocation to the sectors of Materials, Health Care and Information Technology added to performance during the quarter, while allocation to Financials, Communication Services, and Industrials detracted value overall.

Stock selection within the sectors of Materials, Industrials, and Consumer Staples contributed the most to performance, while weaker selection within Consumer Discretionary, Real Estate, and Communication Services negatively impacted performance.

Individual stocks that contributed most positively to the performance over the quarter included ALS (ALQ), Fortescue (FMG, No Holding), and National Australia Bank (NAB). Detractors to performance included Seek (SEK), Commonwealth Bank of Australia (CBA, No Holding), Lendlease Group (LLC).

Portfolio changes during the quarter:

With the macroeconomic environment continually difficult, our focus has been on identifying companies that have strong fundamental drivers, that are providing a valuation opportunity. We increasingly find that some of these opportunities are arising in the cyclical space.

Market Outlook

From a macroeconomic perspective, forecasting remains difficult. Inflation has retreated from its highs and appears to be on a path towards the target ranges of the key central banks. However, goods deflation has underpinned most of the progress so far and is now largely exhausted. This means that services inflation becomes the focus and historically it has proved to be much stickier and generally linked to wages and employment. We have seen signs that the economy is weakening and employment with it, however progress is slow and uneven.

Markets appear to be pricing in a favourable "soft-landing" scenario, whereby inflation comes back to target without causing significant economic damage, and rates are lowered as a result. This is evident in the market's elevated multiples and optimistic earnings forecasts. This would be the best-case scenario, but it is not clear how probable it is. If inflation returns to target without harming the economy, the case for rate cuts looks slim. Conversely, if rate cuts are necessary, it would likely be because the economy needs support, in which case the market's optimistic earnings forecasts seem inappropriate.

The overall uncertainty has led to some pockets of the market becoming stretched from a valuation perspective. Some appear to be AI related, while others are structural growth stories, but others are simply large cap companies with momentum. Unlike the U.S markets, there is no clear "Magnificent 7" to contain all of the investor bullishness, and so it appears to be spilling into peculiar places.

3 A significant percentage of assets comprising this portfolio are only available through the managed portfolios and therefore can't be transferred out of the MyNorth Managed Portfolio Scheme. For more information relating to restrictions that may apply to asset transfers, refer to the 'Transferring assets in and out of your Portfolio' in Part 1 of the MyNorth Managed Portfolios PDS.

Important Information

NMMT Limited (ABN 42 058 835 573 AFS License 234653), is the responsible entity of MyNorth Managed Portfolios (ARSN 624 544 136) (Scheme). To invest in the Scheme, investors will need to obtain the current Product Disclosure Statement (PDS) which is available at northonline.com.au. The PDS contains important information about investing in the Scheme and it is important investors consider their circumstances and read the PDS before making a decision about whether to acquire, continue to hold or dispose of interests in the Scheme. This quantitative report has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Although the information is from sources considered reliable, AMP doesn't guarantee that it's accurate or complete. You shouldn't rely upon it and should seek professional advice before making any financial decision. Except where liability under any statute can't be excluded, AMP doesn't accept any liability for any resulting loss or damage to the reader or any other person. MyNorth Managed Portfolios are not sponsored, endorsed, sold or promoted by Morningstar, Inc. or any of its affiliates (all such entities, collectively, "Morningstar Entities"). The Morningstar Entities make no representation or warranties regarding the advisability of investing in managed portfolios generally or in the MyNorth Managed Portfolios in particular, or the ability of the Morningstar Benchmarks to accurately represent the asset class or market sector that it purports to represent. The Morningstar Entities and their third party licensors do not guarantee the accuracy and/or the completeness of the Morningstar Benchmarks, and the Morningstar Entities and their third party licensors shall have no liability for any errors, omissions, or interruptions included therein. The S&P/ASX 20 TR Index, S&P/ASX 200 TR Index, S&P/ASX 200 A-REIT TR Index, S&P/ASX 200 Industrials TR Index, S&P/ASX 300 TR Index, S&P/ASX 300 TR Index excluding S&P/ASX 20 TR Index, S&P/ASX Small Ordinaries TR Index, S&P/ASX 100 TR Index ("Index") is a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by NMMT Limited. Copyright © 2021 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.