

Monthly Update for Month Ending December 2024

### Investment objective

Aims to generate a moderate level of capital growth and a moderate level of capital volatility over an investment timeframe of 3 years.

### Key information

<b>Code</b>	NTH0354
<b>Manager name</b>	Zenith Investment Partners
<b>Inception date</b>	26 July 2023
<b>Benchmark</b>	Morningstar Australia Balanced Target Allocation NR AUD
<b>Asset class</b>	Diversified
<b>Number of underlying assets</b>	20
<b>Minimum investment horizon</b>	3 years
<b>Portfolio income</b>	Default - Paid to Platform Cash
<b>Management fees and costs</b>	'0.63%
<b>Performance fee</b>	'0.09%
<b>Estimated net transaction costs</b>	'0.06%
<b>Estimated buy/sell spread</b>	'0.11%/0.11%
<b>Risk band/label</b>	4/Medium
<b>Minimum investment amount</b>	\$500

### About the manager

#### Zenith Investment Partners

Zenith is an Australian research house, specialising in managed funds research and consulting. Established in 2002, Zenith works with clients to build out managed portfolios solutions, investment capability and governance. Zenith's portfolio idea generation arises from annual reviews of the strategic asset allocation, quarterly sector reviews and manager selection. Manager selection is a key value add. This input occurs through Zenith's market-renowned annual sector reviews ratings, ranking and themes, and analyst best ideas portfolios.

### Returns

as at 31 December 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return <sup>1</sup>	8.94	-0.88	1.20	5.78	9.92	-	-
Income	3.09	0.00	0.29	2.84	4.04	-	-
Growth	5.85	-0.88	0.91	2.94	5.88	-	-
Benchmark <sup>2</sup>	9.42	-0.67	1.04	5.71	10.12	-	-

\* Since inception returns commence from the month end of the portfolio's launch.

### Asset allocation



as at 31 December 2024

Growth assets		Allocation (%)
■	Australian Equities	19.3
■	International Equities	25.4
■	Property	4.6
■	Other	0.2
<b>Total</b>		<b>49.5%</b>
Defensive assets		Allocation (%)
■	Australian Fixed Interest	24.2
■	International Fixed Interest	21.2
■	Cash	5.2
<b>Total</b>		<b>50.6%</b>

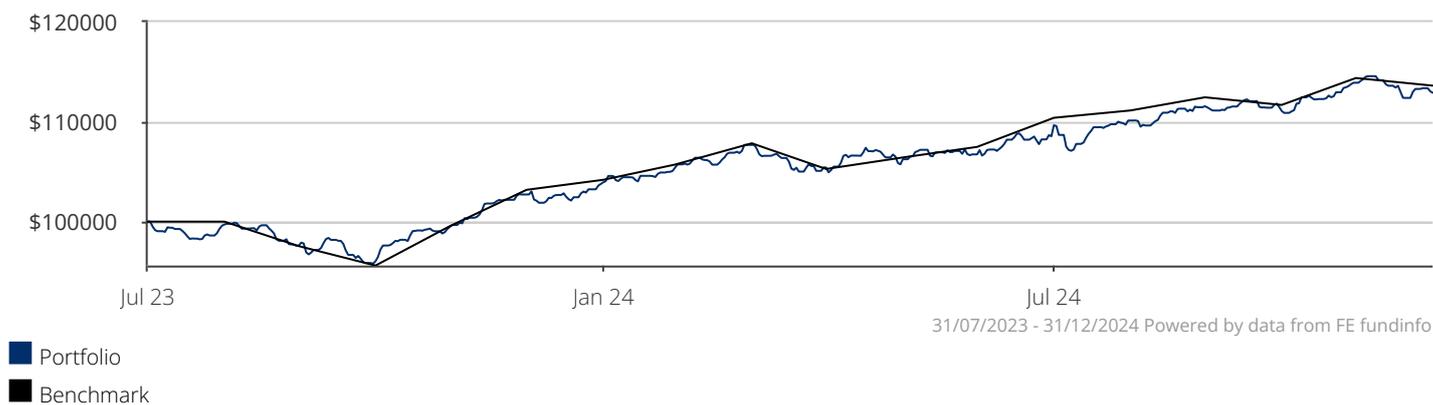
Asset allocation data sourced via Morningstar® from the underlying fund manager.

<sup>1</sup> 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

<sup>2</sup> The applicable Benchmark for this portfolio is shown in the Key Information section.

## Performance history

\$100,000 invested since 31/07/2023



## Managed portfolio holdings<sup>3</sup>

Holding	Asset class	Allocation (%)
iShares Global Bond Index Fund - S Class	International Fixed Interest	19.0
iShares Wholesale Australian Bond Index Fund - S class	Australian Fixed Interest	10.8
Invesco Wholesale Australian Share Fund - Class M	Australian Equities	9.3
iShares Hedged International Equity Index Fund - S class	International Equities	6.6
Pendal Dynamic Income W	Australian Fixed Interest	5.5
CC Sage Capital Equity Plus Fund - Class C	Australian Equities	5.3
iShares Wholesale International Equity Index Fund - S class	International Equities	5.0
Arrowstreet Global Equity No.2 Fund - Class W Units	International Equities	4.8
Winton Global No.1 Fund - Class I Units	International Equities	3.8
Janus Henderson Tactical Income Fund	Australian Fixed Interest	3.8
Ardea Real Outcome Fund - Class P	Australian Fixed Interest	3.8
Fisher Investments Australasia Global Small Cap Equity Fund - Z Class	International Equities	3.2
Barrow Hanley Global Share Fund - Class S	International Equities	3.0
Bennelong ex-20 Australian Equities Fund	Australian Equities	3.0
Pendal Short Term Income Securities Trust	Australian Fixed Interest	2.8
Lazard Global Infrastructure Fund (Hedged) - S Class	International Equities	2.3
iShares Wholesale Australian Listed Property Index Fund - S Class	Property	2.1
Resolution Capital Global Property Securities Fund - Class C	Property	2.1
Cash Account	Cash	2.0
Eiger Australian Small Companies Fund - Class P	Australian Equities	2.0

## Quarterly manager commentary

### Market Update

In 2024, share markets delivered another strong year, supported by easing inflation, steady economic growth, and the initial stages of global interest rate cuts.

While market gains broadened, US and AI-related stocks remained top performers for a second consecutive year, with the "Magnificent 7" stocks continuing to benefit from strong profit margins and investor optimism about their leadership in AI and innovation. The US market delivered positive returns in the December quarter, a period shaped by the Republican clean sweep election result. Promises of deregulation, tax cuts, and tariffs boosted cyclical sectors like banks and technology, while defensive sectors like healthcare and real estate lagged. Tesla stood out as a top performer, with investors anticipating favourable policies for Elon Musk's companies following his support for President-elect Donald Trump during the campaign.

In contrast, the Australian share market ended the year on a softer note but still achieved impressive annual returns. Domestic economic growth remained subdued, making it challenging for Australian companies to increase profits. Consequently, market gains were largely driven by rising valuations (investors paying higher prices for shares) rather than profit growth. Commonwealth Bank of Australia (CBA) was one of the strongest performers over the quarter, with its share price climbing higher despite concerns about its elevated share price.

Meanwhile, the Reserve Bank of Australia (RBA) held the cash rate steady at 4.35%, maintaining its position since November 2023.

### Portfolio Update

The portfolio delivered a return of 1.20% over the December quarter.

During the quarter, international shares made the biggest impact on performance, with the Arrowstreet Global Equity No. 2 Fund - which provides a diversified exposure to a range of global companies - being a standout contributor. In addition to the Arrowstreet Global Equity No. 2 Fund, the iShares Wholesale International Equity Index Fund - which provides a passive exposure to global equities - contributed strongly to portfolio returns throughout the year. Additionally, your fixed interest managers, particularly those who invest in high-quality corporate bonds, delivered strong returns over the 12-month period to 31 December 2024.

#### **Portfolio changes during the quarter:**

During the quarter, we switched your Alternatives exposure to Winton Global Alpha No. 1 Fund - Class I Units, which offers a far more competitive fee structure compared to the previous manager.

#### **Market Outlook**

We anticipate 2025 to be a year of reasonable economic growth, with a likelihood of modest interest rate cuts in the US and Australia. Trump's policy agenda positions US equities to continue to perform well, potentially at the expense of other markets. Market consensus points to modest to high single digit equity returns, with a potential rotation into undervalued assets such as mid and small sized companies. The possibility of a recession remains, particularly if key central banks delay implementing policies to support economic growth in the face of slowing demand or financial stress. Additionally, escalating trade tensions—whether through new tariffs, sanctions, or geopolitical disputes—could disrupt global supply chains and trade activity, further weighing on growth prospects.

Maintaining a diversified portfolio with defensive assets like government bonds, trend-following strategies such as managed futures—which can profit from market downturns—and undervalued growth opportunities like global small companies will help your portfolio navigate evolving market conditions in 2025.

<sup>3</sup> 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**

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