

Monthly Update for Month Ending September 2024

### Investment objective

To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth-orientated assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark over a rolling three-year period.

### Key information

<b>Code</b>	NTH0431
<b>Manager name</b>	Russell Investment Management
<b>Inception date</b>	27 March 2024
<b>Benchmark</b>	Morningstar Australia Moderate Target Allocation NR AUD
<b>Asset class</b>	Diversified
<b>Number of underlying assets</b>	49
<b>Minimum investment horizon</b>	3 years
<b>Portfolio income</b>	Default - Paid to Platform Cash
<b>Management fees and costs</b>	'0.76%
<b>Performance fee</b>	'0%
<b>Estimated net transaction costs</b>	'0.04%
<b>Estimated buy/sell spread</b>	'0.06%/0.06%
<b>Risk band/label</b>	3/Low to medium
<b>Minimum investment amount</b>	\$25,000

### About the manager

#### Russell Investment Management

With more than 80 years of experience, Russell Investments is a global investment solutions provider, dedicated to helping investors reach their long-term goals. Russell Investments offers investment solutions in 32 countries. Russell Investments specialises in multi-asset solutions and investment and implementation services with a goal of delivering the best investment strategies, managers and asset classes to its clients around the world. Headquartered in Seattle, Washington, Russell Investments operates globally with 20 offices.

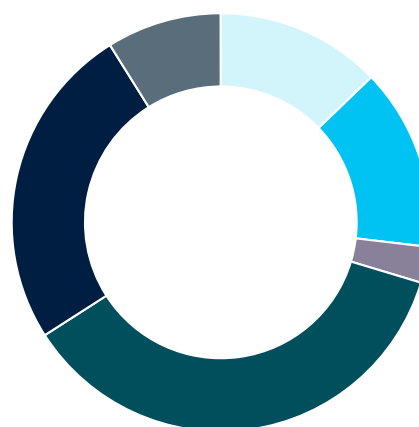
### Returns

as at 30 September 2024

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return <sup>1</sup>	3.65	0.80	3.85	3.65	-	-
Income	3.53	0.14	2.75	3.53	-	-
Growth	0.12	0.66	1.10	0.12	-	-
Benchmark <sup>2</sup>	3.60	0.94	4.04	3.60	-	-

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

### Asset allocation



as at 30 September 2024

Growth assets		Allocation (%)
	Australian Equities	12.8
	International Equities	14.1
	Property	2.8
	Other	-0.1
<b>Total</b>		<b>29.6%</b>
Defensive assets		Allocation (%)
	Australian Fixed Interest	36.3
	International Fixed Interest	25.2
	Cash	8.9
<b>Total</b>		<b>70.4%</b>

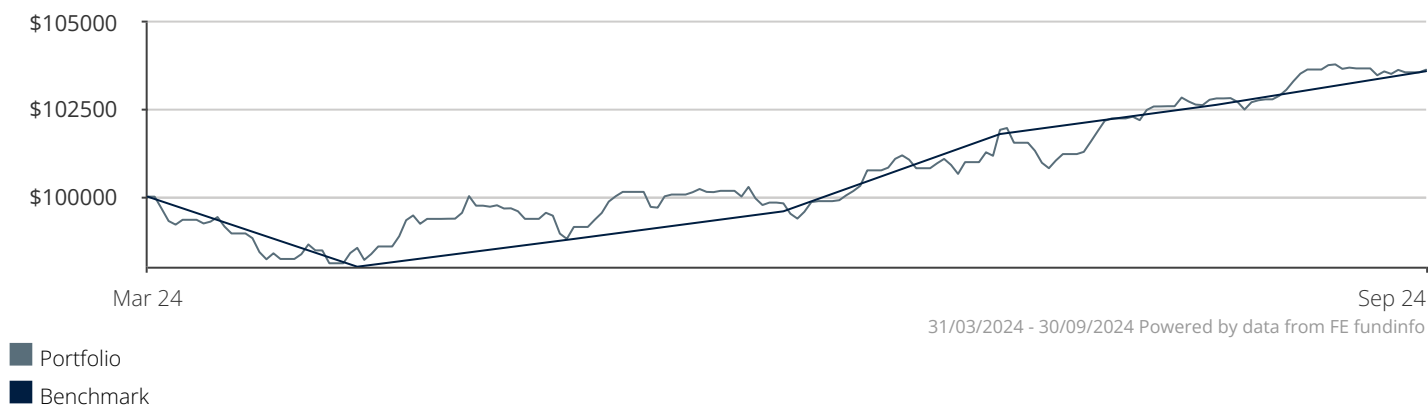
Asset allocation data sourced via Morningstar® from the underlying fund manager.

<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 31/03/2024



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

Holding	Asset class	Allocation (%)
Vanguard Ethically Conscious Glb Agg Bond Index (Hedged) Etf Vanguard	International Fixed Interest	20.4
Pendal Sustainable Australian Fixed Interest Fund	Australian Fixed Interest	17.8
Altius Sustainable Short Term Income Fund	Australian Fixed Interest	6.6
Ishares Core Cash Etf Ishares Core Cash Etf	Cash	6.4
Regnan Credit Impact Trust	Australian Fixed Interest	5.1
Altius Green Bond Fund	Australian Fixed Interest	4.9
Mirova Global Sustainable Equity No. 2 Fund - Class I	International Equities	4.1
Robeco SDG Credit Income Fund (AUD Hedged) - Class C	International Fixed Interest	4.0
Russell Investments Low Carbon Global Shares Fund - Class AUDH	International Equities	3.9
Ardea Real Outcome Fund	Other	3.7
Impax Sustainable Leaders Fund	International Equities	3.0
Russell Intl Property Securities \$A Hedged Class A Fund	Property	2.0
Russell Investments Low Carbon Global Shares Fund - Class A	International Equities	1.8
Ausbil Active Sustainable Equity Fund	Australian Equities	1.6
First Sentier Responsible Listed Infrastructure Fund	International Equities	1.5
Perpetual ESG Australian Share Fund	Australian Equities	1.3
Alphinity Sustainable Share Fund	Australian Equities	1.3
Cash Account	Cash	1.3
Commonwealth Bank Of Australia Ordinary Fully Paid	Australian Equities	0.8
Vanguard Australian Property Securities Index Etf Vanguard Australian	Property	0.7
CSL Limited Ordinary Fully Paid	Australian Equities	0.6
National Australia Bank Limited Ordinary Fully Paid	Australian Equities	0.5
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	0.5
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	0.5
Wesfarmers Limited Ordinary Fully Paid	Australian Equities	0.5
Telstra Group Limited Ordinary Fully Paid	Australian Equities	0.4
RIO Tinto Limited Ordinary Fully Paid	Australian Equities	0.4
Fortescue Ltd Ordinary Fully Paid	Australian Equities	0.3

Holding	Asset class	Allocation (%)
Goodman Group Fully Paid Ordinary/Units Stapled Securities	Property	0.3
Macquarie Group Limited Ordinary Fully Paid	Australian Equities	0.3
Woolworths Group Limited Ordinary Fully Paid	Australian Equities	0.3
Brambles Limited Ordinary Fully Paid	Australian Equities	0.3
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	0.3
Bluescope Steel Limited Ordinary Fully Paid	Australian Equities	0.2
Transurban Group Fully Paid Ordinary/Units Stapled Securities	Australian Equities	0.2
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.2
QBE Insurance Group Limited Ordinary Fully Paid	Australian Equities	0.2
Cochlear Limited Ordinary Fully Paid	Australian Equities	0.2
Ramsay Health Care Limited Ordinary Fully Paid	Australian Equities	0.2
Coles Group Limited. Ordinary Fully Paid	Australian Equities	0.2
JB Hi-Fi Limited Ordinary Fully Paid	Australian Equities	0.2
Atlas Arteria Fpo Stap US Prohibited Excluding Qup	Australian Equities	0.2
Northern Star Resources Ltd Ordinary Fully Paid	Australian Equities	0.2
Suncorp Group Limited Ordinary Fully Paid	Australian Equities	0.2
Wisetech Global Limited Ordinary Fully Paid	Australian Equities	0.2
Medibank Private Limited Ordinary Fully Paid	Australian Equities	0.1
Pilbara Minerals Limited Ordinary Fully Paid	Australian Equities	0.1
Xero Limited Ordinary Fully Paid	Australian Equities	0.1
Iluka Resources Limited Ordinary Fully Paid	Australian Equities	0.1

## Quarterly manager commentary

### Market Update

Global share markets made good gains in the September quarter. Much of the gains continued to be driven by central bank activity; notably in the US, where the Federal Reserve (Fed) lowered its benchmark fed funds rate by 0.50% to a target range of between 4.75% and 5.00%. Whilst the rate cut itself had been widely anticipated, the size of the move had been the subject of much debate in the lead up to the meeting as the Bank's focus shifted from taming inflation to protecting the labour market and the country's economic expansion. Speaking after the meeting, Chairman Jerome Powell said the decision to cut rates by 0.50% didn't imply that the inflation fight was over, but rather that officials had growing confidence it was time for a recalibration of the Bank's policy stance. He also noted that the larger-than-normal move shouldn't be interpreted as the beginning of a more aggressive rate cutting cycle. Regardless, the bigger move added to optimism the US economy can achieve a 'soft landing', whereby the Fed tames inflation without triggering an economic downturn. The Australian share market performed well over the period, helped by a positive lead from its global peers, a series of mostly positive earnings results and strong gains across the 'Big Four' banks and major miners, which together comprise a large part of the index.

Both global and domestic bonds recorded good gains for the quarter.

### Portfolio Update

The portfolio delivered a return of 3.85% over the June quarter. Traditional fixed income assets like government bonds performed well against a backdrop of falling yields. Lower government bond yields also contributed to very strong gains across the portfolio's global and Australian listed property assets. Our global equity exposure and the direct Australian equity ESG portfolio added further value over the period, as did our emerging markets exposure.

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

In July, we reduced the portfolio's allocation to Australian real estate investment trusts (A-REITs) in favour of global real estate investment trusts (G-REITs). G-REITs have not only underperformed A-REITs but also the broader global equity market. As a result, we believe G-REITs offer better value. G-REITs also provide greater diversification benefits, with the global listed property market comprising more than 300 constituents compared to just 33 in Australia.

### **Market Outlook**

Over the past 12 to 24 months, markets have faced significant challenges, driven largely by elevated inflation and major geopolitical events. Central banks responded by aggressively raising interest rates, which led to a substantial rise in market volatility. Despite these hurdles, the US economy has demonstrated remarkable resilience, with markets pricing in a 'soft landing' as inflationary pressures have eased and unemployment has remained low. As inflation continues to decline and job market pressures ease, the primary driver of market volatility may shift from inflation to growth. While the US labour market remains a key watchpoint, there is a risk that weakening job conditions could impact consumer spending, leading to slower economic activity.

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for less expensive equity markets versus US equities and a peer-relative overweight to the value factor.

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**

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