

Quarterly Update for Month Ending June 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.

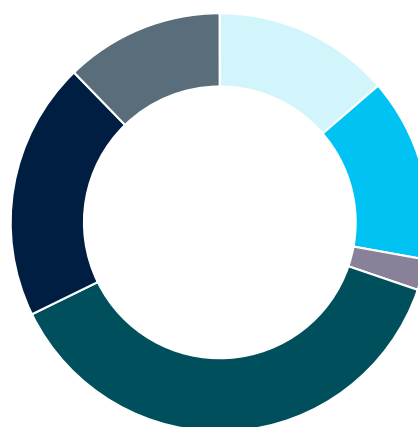
### Returns

as at 30 June 2024

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return <sup>1</sup>	-0.17	0.71	-0.17	-	-	-
Income	0.77	0.09	0.77	-	-	-
Growth	-0.94	0.62	-0.94	-	-	-
Benchmark <sup>2</sup>	-0.42	0.80	-0.42	-	-	-

\* Since inception returns begin from the month end immediately following portfolio launch.

### Asset allocation



as at 30 June 2024

Growth assets		Allocation (%)
	Australian Equities	13.7
	International Equities	14.2
	Property	2.4
	Other	0.0
<b>Total</b>		<b>30.3%</b>
Defensive assets		Allocation (%)
	Australian Fixed Interest	37.6
	International Fixed Interest	20.0
	Cash	12.3
<b>Total</b>		<b>69.9%</b>

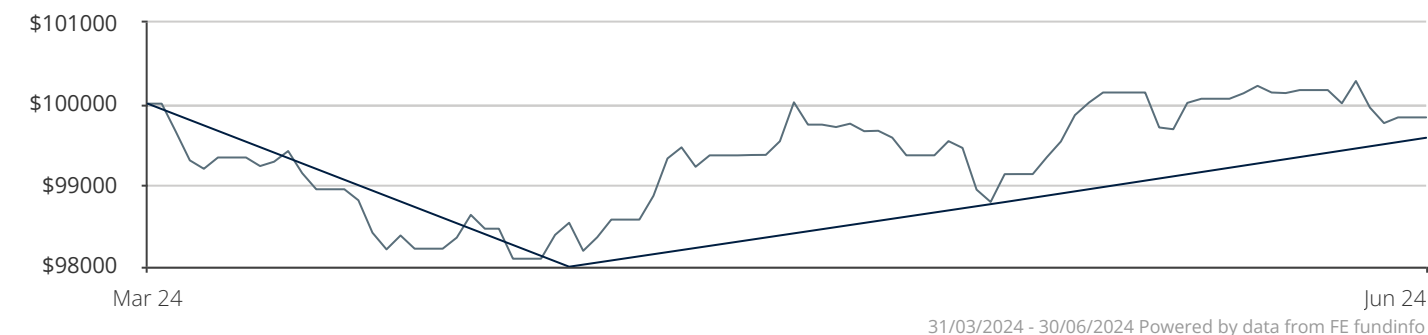
Asset allocation data sourced via Morningstar® from the underlying fund manager.

<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> Benchmark is based on the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS) as of the current reporting period.

## Performance history

\$100,000 invested since 31/03/2024



- Portfolio
- Benchmark

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

Holding	Asset class	Allocation (%)
Vanguard Ethically Conscious Glb Agg Bond Index (Hedged) Etf Vanguard	International Fixed Interest	16.3
Pendal Sustainable Australian Fixed Interest Fund	Australian Fixed Interest	15.9
Ishares Core Cash Etf Ishares Core Cash Etf	Cash	9.4
Regnan Credit Impact Trust	Australian Fixed Interest	8.3
Altius Sustainable Short Term Income Fund	Australian Fixed Interest	6.5
Altius Green Bond Fund	Australian Fixed Interest	4.9
Mirova Global Sustainable Equity No. 2 Fund - Class I	International Equities	4.2
Russell Investments Low Carbon Global Shares Fund - Class AUDH	International Equities	3.8
Ardea Real Outcome Fund	Australian Fixed Interest	3.7
Impax Sustainable Leaders Fund	International Equities	3.2
Robeco SDG Credit Income Fund (AUD Hedged) - Class C	International Fixed Interest	2.9
Perpetual ESG Australian Share Fund	Australian Equities	1.8
Russell Investments Low Carbon Global Shares Fund - Class A	International Equities	1.6
Ausbil Active Sustainable Equity Fund	Australian Equities	1.6
Alphinity Sustainable Share Fund	Australian Equities	1.5
First Sentier Responsible Listed Infrastructure Fund	International Equities	1.5
Cash Account	Cash	1.3
Vanguard Australian Property Securities Index Etf Vanguard Australian	Property	1.2
Russell Intl Property Securities \$A Hedged Class A Fund	Property	1.0
Commonwealth Bank Of Australia Ordinary Fully Paid	Australian Equities	0.9
CSL Limited Ordinary Fully Paid	Australian Equities	0.7
National Australia Bank Limited Ordinary Fully Paid	Australian Equities	0.6
Wesfarmers Limited Ordinary Fully Paid	Australian Equities	0.6
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	0.5
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	0.5
RIO Tinto Limited Ordinary Fully Paid	Australian Equities	0.4
Telstra Group Limited Ordinary Fully Paid	Australian Equities	0.4
Fortescue Ltd Ordinary Fully Paid	Australian Equities	0.3

Holding	Asset class	Allocation (%)
JB Hi-Fi Limited Ordinary Fully Paid	Australian Equities	0.3
QBE Insurance Group Limited Ordinary Fully Paid	Australian Equities	0.3
Brambles Limited Ordinary Fully Paid	Australian Equities	0.3
Bluescope Steel Limited Ordinary Fully Paid	Australian Equities	0.3
Transurban Group Fully Paid Ordinary/Units Stapled Securities	Australian Equities	0.3
Sonic Healthcare Limited Ordinary Fully Paid	Australian Equities	0.3
Woolworths Group Limited Ordinary Fully Paid	Australian Equities	0.3
Goodman Group Fully Paid Ordinary/Units Stapled Securities	Property	0.2
Wisetech Global Limited Ordinary Fully Paid	Australian Equities	0.2
Technology One Limited Ordinary Fully Paid	Australian Equities	0.2
Coles Group Limited. Ordinary Fully Paid	Australian Equities	0.2
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	0.2
Macquarie Group Limited Ordinary Fully Paid	Australian Equities	0.2
Northern Star Resources Ltd Ordinary Fully Paid	Australian Equities	0.2
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.2
Medibank Private Limited Ordinary Fully Paid	Australian Equities	0.2
Evolution Mining Limited Ordinary Fully Paid	Australian Equities	0.1
Pilbara Minerals Limited Ordinary Fully Paid	Australian Equities	0.1
Iluka Resources Limited Ordinary Fully Paid	Australian Equities	0.1
Lynas Rare Earths Limited Ordinary Fully Paid	Australian Equities	0.1
Stockland Fully Paid Ordinary/Units Stapled Securities	Property	0.1

## Quarterly manager commentary

### Market Update

Global share markets made only modest gains in the June quarter. Much of the gains continued to be driven by central bank activity. In the US, the Federal Reserve (Fed) left its benchmark fed funds rate on hold at a target range of between 5.25% and 5.50% throughout the period. Speaking after the Bank's June gathering, Chairman Jerome Powell said that while inflation has eased considerably from its peak, it nonetheless remains too high, and that policymakers do not yet have the confidence to begin lowering interest rates. However, he did reaffirm his belief that current monetary policy is sufficiently restrictive to achieve the Bank's inflation goal. Encouragingly, the latest inflation figures showed an easing in consumer prices between April and May. At the time of writing, the market was fully priced for a first Fed rate cut in November. Elsewhere, the European Central Bank cut interest rates in June; the Bank lowering its main refinancing rate by 0.25% (to 4.25%). However, the Bank gave no indication of the timing of its next move. Meantime, both the Bank of England and the Bank of Japan left their respective benchmark policy rates unchanged over the period. Australian shares underperformed their global counterparts; the local market falling on expectations domestic interest rates will remain higher for longer amid stubbornly high inflation.

Both global and domestic bonds were weaker for the quarter, albeit modestly.

### Portfolio Update

The portfolio delivered a return of -0.17% over the June quarter. Our global equities and emerging markets exposures contributed positively to performance over the period, while the direct Australian equity ESG portfolio recorded both negative absolute and benchmark-relative returns. Our global and Australian traditional fixed income exposures also weighed on performance as government bond yields rose throughout the quarter. Returns were further impacted by our exposures to global and Australian listed property, which fell amid higher bond yields. The direct Australian equity ESG portfolio underperformed its benchmark, driven largely by stock selection within the materials, industrials and healthcare sectors. Amongst materials, an overweight to James Hardie Industries weighed the most on returns, while in the healthcare space a sizable overweight to Sonic Healthcare was the main detractor. Within industrials, a large overweight to Brambles, which manages the world's largest pool of reusable pallets, crates and containers, weighed on overall performance.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark, benefiting in part from stock selection within the materials space; notably overweights to Air Liquide and Ball Corp. Stock selection amongst utilities also added value; including an overweight to American Water Works and Spanish renewable energy company Iberdrola SA.

The Russell Investments Low Carbon Global Shares Fund narrowly outperformed its benchmark, benefiting from positioning within the healthcare sector; including an overweight to US biotech company Intuitive Surgical. The Fund's structural underweight to the poor-performing energy space and its exclusion of companies involved in defence contracting also added value.

The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by stock selection within the healthcare sector. This included overweights to US consumer electronics company Agilent Technologies and laboratory testing provider Eurofins Scientific. A material overweight to the poor-performing industrials space also weighed on returns.

## Portfolio changes during the quarter:

There were no material positional changes over the period.

## Market Outlook

The US economy has so far proven remarkably resilient, and markets are pricing in a 'soft landing' as inflationary pressures continue to ease and unemployment remains low. However, we are seeing several leading economic indicators that suggest caution is warranted. As a result, we believe recessionary risks in the US are elevated; though the risk has reduced gradually as continued migration has allowed inflation to moderate without materially impacting the labour market. The key question now is how long will it take for core inflation to settle closer to the Fed's target? Fears that US monetary policy will remain too restrictive for too long have softened due to the recent decline in core inflation, however until we see core inflation reach the Fed's target, markets may remain volatile.

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.

<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.

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