

Quarterly update for month ending December 2023

### Investment objective

To match or outperform the benchmark over a rolling five-year period

### Key information

<b>Code</b>	NTH0363
<b>Manager name</b>	BlackRock BlackRock
<b>Inception date</b>	1 August 2023
<b>Benchmark</b>	Morningstar Australia Aggressive Target Allocation NR
<b>Asset class</b>	Diversified
<b>Number of underlying assets</b>	11
<b>Minimum investment horizon</b>	5 years
<b>Portfolio income</b>	Reinvested
<b>Management fees and costs</b>	'0.40%
<b>Performance fee</b>	'0.00%
<b>Estimated net transaction costs</b>	'0.07%
<b>Estimated buy/sell spread</b>	'0.00%/0.00%
<b>Risk band/label</b>	6/High
<b>Minimum investment amount</b>	\$500

### About the manager

#### BlackRock BlackRock

BlackRock is a global investment manager that has served Australian clients for over three decades, with a commitment to helping more people plan for their financial future. BlackRock delivers tailored holistic investment solutions, thought leadership and investment technology capabilities to help clients build resilient portfolios.

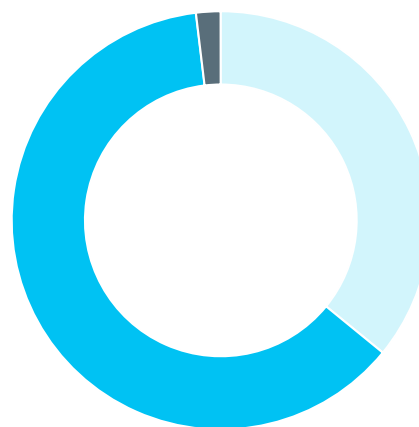
### Returns

as at 31 December 2023

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return <sup>1</sup>	0.88	3.54	5.09	-	-	-
Income	0.73	0.01	0.72	-	-	-
Growth	0.15	3.53	4.37	-	-	-
Benchmark <sup>2</sup>	3.51	4.68	7.27	-	-	-

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

### Asset allocation



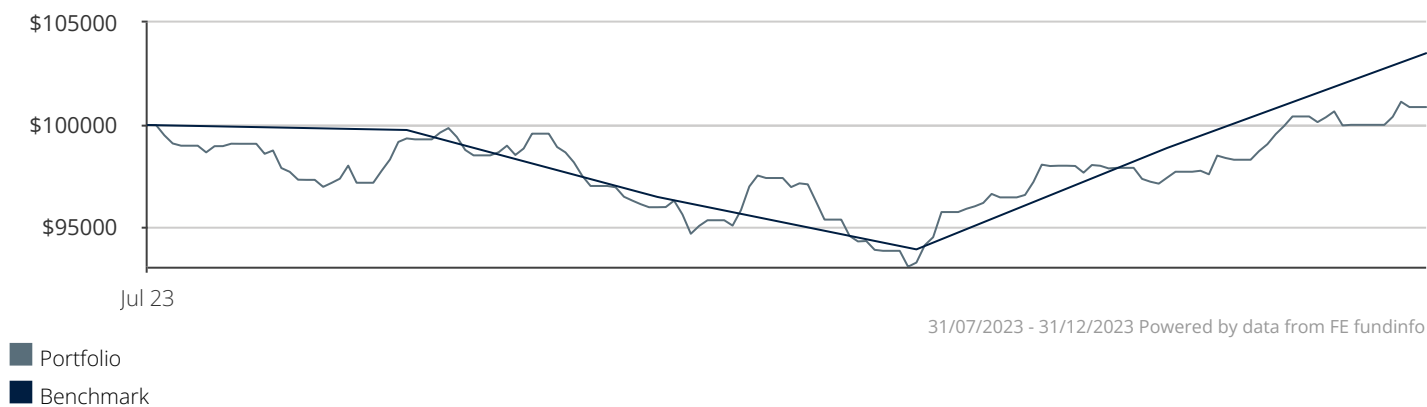
as at 31 December 2023

Growth assets		Allocation (%)
	Australian Equities	35.9
	International Equities	62.2
	Property	0.0
	Other	0.0
<b>Total</b>		<b>98.1%</b>
Defensive assets		Allocation (%)
	Australian Fixed Interest	0.0
	International Fixed Interest	0.0
	Cash	1.9
<b>Total</b>		<b>1.9%</b>

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

## Performance history

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



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

Holding	Asset class	Allocation (%)
Ishares Core S&P/ASX 200 Etf	Australian Equities	34.5
Ishares S&P 500 Etf	International Equities	20.8
Ishares Europe Etf	International Equities	10.0
Ishares S&P 500 Aud Hedged Etf	International Equities	9.4
Ishares Msci Emerging Markets Etf	International Equities	6.8
Ishares Edge Msci World Minimum Volatility Etf	International Equities	6.0
Ishares Msci Japan Etf	International Equities	4.5
Ishares China Large-Cap Etf	International Equities	4.0
Cash Account	Cash	2.0
Ishares Msci Eafe Etf	International Equities	1.0
Ishares Msci South Korea Etf	International Equities	1.0

## Quarterly manager commentary

### Market Update

Major asset classes performed strongly in the final quarter of 2023: Global equities, as measured by the MSCI All Country World Index (unhedged), delivered positive returns of 5.0% over the quarter amid investor hopes for a soft economic landing and a dovish policy pivot by central banks. Fixed income markets, as represented by the Bloomberg Global Aggregate Index (hedged), similarly rose 5.4% across the period to finish the year in positive territory.

Equity rally was broad-based: Both Developed Market equities and Emerging Market equities achieved positive gains in Q4, as a growing disinflationary narrative supported the view that central banks may have reached the peak of their tightening cycles. Chinese equities, as represented by the CSI 300 Index, failed to match the gains achieved by its peers, declining by 6.8% in Q4 (in local currency terms), amid concerns around the weaker Chinese economic outlook.

Fixed income markets surged higher over the quarter: Long-term bond yields fell markedly across major developed markets, led by the US 10-year yield falling by 69 basis points to finish 2023 at roughly where it started off the year at 3.9%. The fall in rates pushed bond prices higher. The Global Aggregate index (hedged) finished the quarter up 5.4%, while the Australian composite bond index rose 3.8% over the same period. Riskier parts of the fixed income market, namely corporate credit and emerging market debt indices also realised strong gains across the quarter.

### Portfolio Update

Move the portfolio to a more "risk-on" stance: We see the recent pullback in markets and ongoing resilience in fundamentals as an opportunity to lean more meaningfully pro-risk into year-end. Specifically, valuations appear more attractive following the market correction over the third quarter and, in our view, creates a buyable dip in certain markets.

Total returns were positive in Q4: The Model Portfolios delivered positive returns of +5.09% over the quarter, supported by the broad-based rally across asset classes. Looking at the last quarter of the year, the portfolios' strategic asset allocation drove most of the positive total returns, supported by the allocation to Developed Market equities, while the small allocation to Chinese equities was the only detractor over this period. Active returns relative to the strategic asset allocation were roughly flat over the quarter, as positive value from the preference for Developed Market equities were offset by the reduced exposure to global credit and Australian equities. Over the long-term horizon, the portfolios have continued to outperform its peer group median, with both the portfolios' strategic and tactical asset allocation delivering value over time.

### Portfolio changes during the quarter:

Recalibrate cross-sectional equity positioning: Within equities, we prefer Japanese and US equities over that of Australian and European equities.

Shareholder-friendly reforms and upward revision in earnings expectations creates a structural tailwind for Japanese equities, while a relatively less fragile economic backdrop and favorable trading signals leads us to favour US equities over that of European and Australian equities.

Add allocation to South Korean equities: Positive momentum signals create a favourable backdrop for Korean equities, while fundamentals remain supported by a bottoming in the export cycle with both tech and non-tech exports rebounding.

Marginally increase duration and quality of fixed income to hedge equity risk: We increase the portfolio duration back to neutral to act as a diversifier to equity risk, while also increasing the exposure to higher-quality investment-grade credit over more risky debt like global high yield.

<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.