MyNorth Managed Portfolios

ELSTON GROWTH 70 PORTFOLIO

Quarterly update for month ending December 2023

Investment objective

Aims to outperform the benchmark, over rolling five-year periods.

Key information

Code	NTH0307
Manager name	Elston Asset Management
Inception date	20 December 2022
Benchmark	Morningstar Australia Growth Target Allocation NR
Asset class	Diversified
Number of underlying assets	43
Minimum investment horizon	5 years
Portfolio income	Paid to Cash Account
Management fees and costs	'0.79%
Performance fee	'0.01%
Estimated net transaction costs	'0.07%
Estimated buy/sell spread	'0.05%/0.06%
Risk band/label	6/High
Minimum investment amount	$25,000

About the manager

Elston Asset Management

Elston Asset Management is an active investment manager, focused on delivering investment solutions with the aim of helping investors build and preserve their wealth. The business is majority owned by its senior investment professionals.

Returns

as at 31 December 2023

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return[1]	8.13	3.79	4.04	3.63	8.13	-
Income	3.13	0.06	0.48	1.68	3.13	-
Growth	5.00	3.73	3.56	1.95	5.00	-
Benchmark[2]	9.01	4.32	6.67	5.55	12.76	-

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

Asset allocation

as at 31 December 2023

	Growth assets	Allocation (%)
	Australian Equities	41.9
	International Equities	17.3
	Property	5.0
	Other	0.0
	Total	**64.2%**

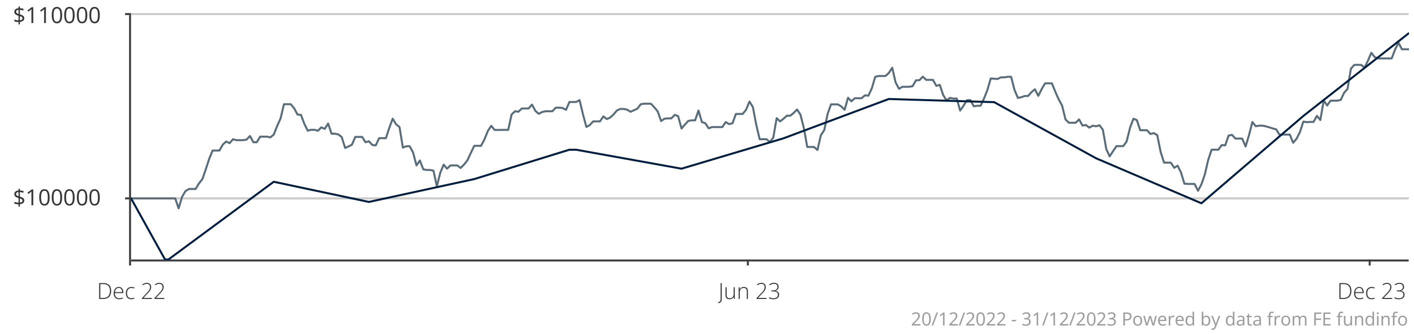
	Defensive assets	Allocation (%)
	Australian Fixed Interest	18.9
	International Fixed Interest	9.3
	Cash	7.6
	Total	**35.8%**

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 20/12/2022



Portfolio

Benchmark

Managed portfolio holdings[3]

Holding	Asset class	Allocation (%)
Janus Henderson Tactical Income Fund	Australian Fixed Interest	11.9
Macquarie Dynamic Bond Fund	International Fixed Interest	9.8
Betashares Westn Asset Aus Bond Fund (Managed Fund) Betashares West As	Australian Fixed Interest	5.1
4D Global Infrastructure Fund (AUD Hedged)ï¿½	International Equities	5.0
AB Global Equities Fund	International Equities	4.5
Macquarie Income Opportunities Fund	Australian Fixed Interest	4.2
Vaneck Australian Property Etf Vaneck Australian Property Etf	Property	4.0
GQG Partners Global Equity Fund - Z Class	International Equities	3.3
Cash Account	Cash	3.0
CSL Limited Ordinary Fully Paid	Australian Equities	2.7
BHP Group Limited Ordinary Fully Paid	Australian Equities	2.6
Vanguard Msci Index International Shares (Hedged) Etf Vanguard Msci In	International Equities	2.6
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	2.4
Macquarie Group Limited Ordinary Fully Paid	Australian Equities	2.2
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	2.1
Woodside Energy Group Ltd Ordinary Fully Paid	Australian Equities	2.1
Betashares Australian High Interest Cash Etf Betashares Australian Hig	Cash	2.0
Telstra Group Limited Ordinary Fully Paid	Australian Equities	1.8
The Lottery Corporation Limited Ordinary Fully Paid	Australian Equities	1.7
Endeavour Group Limited Ordinary Fully Paid	Australian Equities	1.7
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	Australian Equities	1.6
Treasury Wine Estates Limited Ordinary Fully Paid	Australian Equities	1.6
Aristocrat Leisure Limited Ordinary Fully Paid	Australian Equities	1.5
Worley Limited Ordinary Fully Paid	Australian Equities	1.5
Brambles Limited Ordinary Fully Paid	Australian Equities	1.5
Franklin Global Growth Fund - I Class	International Equities	1.3
UBS Emerging Markets Equity Fund	International Equities	1.3
Flight Centre Travel Group Limited Ordinary Fully Paid	Australian Equities	1.3

Holding	Asset class	Allocation (%)
CAR Group Limited Ordinary Fully Paid	Australian Equities	1.3
AMP Limited Ordinary Fully Paid	Australian Equities	1.1
Nine Entertainment Co. Holdings Limited Ordinary Fully Paid	Australian Equities	1.1
Virgin Money UK PLC Cdi 1:1 Foreign Exempt Lse	Australian Equities	1.1
Aurizon Holdings Limited Ordinary Fully Paid	Australian Equities	1.1
Ramsay Health Care Limited Ordinary Fully Paid	Australian Equities	1.1
Cochlear Limited Ordinary Fully Paid	Australian Equities	1.1
Mirvac Group Fully Paid Ordinary/Units Stapled Securities	Property	1.1
Sonic Healthcare Limited Ordinary Fully Paid	Australian Equities	1.1
The A2 Milk Company Limited Ordinary Fully Paid	Australian Equities	1.1
Idp Education Limited Ordinary Fully Paid	Australian Equities	1.0
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	1.0
Resmed Inc Cdi 10:1 Foreign Exempt NYSE	Australian Equities	1.0

Quarterly manager commentary

Market Update

The final quarter of 2023 proved to be a buoyant period, with a significant shift in U.S. interest rate policy underpinning a marked improvement in investor confidence. Having reiterated their expectations for “higher for longer” interest rates in the U.S. as recently as three months ago (which astute readers may recall was behind much of the market weakness at the close of the third quarter), the U.S. Federal Reserve firstly passed on the opportunity to raise interest rates further, before signalling that there may, in fact, be meaningful interest rate cuts in 2024. With inflation moderating, it seems that ‘the Fed’ is now turning its attention to the impact of previous interest rate hikes on economic growth. Whether this “pivot” turns out to be premature or not, time will tell. Nonetheless, investors have move quickly to trumpet the return of more supportive monetary policy.

Portfolio update

Against this backdrop, Australian and global sharemarkets (in aggregate) enjoyed a solid quarter to round out what has been an impressive year (made even more remarkable when considering the escalation in Middle Eastern tensions in the fourth quarter). In part, this reflects expectations of a more favourable business environment, with falling inflation and a lower cost of debt likely to improve corporate bottom lines. But investors also seem willing to pay more for future earnings now too, given the perception of there being less risk present, not to mention the implied guarantee that Central Banks have once again got their back, should economic conditions deteriorate from here. Defying the traditional diversification relationship, bonds also delivered strong returns (especially longer-dated bonds) as bond yields tumbled, while other interest rate sensitive asset classes like listed property and listed infrastructure also did well, over the quarter.

It's worth highlighting that Elston has maintained a fairly defensive portfolio positioning across 2023, primarily holding a lower weighting to growth assets, like shares, and holding a higher allocation to bonds, given our expectation of a more challenging economic outlook and the increasing risk of loss posed in certain sharemarkets. In what ultimately proved to be a good year for financial markets, this has seen shorter-term portfolio returns lag the investment objective, although they remain solid in an absolute sense (and, more importantly, strong over the longer-term).

Market Outlook

Nonetheless, we believe that this portfolio positioning remains generally prudent. Granted, it does feel better to be more fully invested now, to the extent that a major headwind (i.e., interest rates) appears to have turned into a tailwind. However, we are not necessarily out of the woods, yet. While economic data has been relatively resilient up until this point, growth is likely to be more subdued moving forward. Further, in the Fed’s own words, “inflation is still too high, the ongoing progress in bringing it down is not assured, and the path forward is uncertain”. This makes the timing and magnitude of any interest rate cuts unclear, and certainly far from guaranteed. Geopolitical risks, too, remain elevated, noting that the U.S. presidential election cycle is also about to begin in earnest. This all sets the stage for ongoing volatility into 2024, particularly given investor exuberance in driving sharemarkets higher in the final quarter of 2023. That said, opportunities do remain for disciplined investors like ourselves, with the portfolio continuing to invest in a range of assets and strategies, which we believe are well positioned to deliver future long-term returns to the portfolio.

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.