

MyNorth Managed Portfolios

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RUSSELL INVESTMENTS SUSTAINABLE MANAGED PORTFOLIO -  
DIVERSIFIED 50

Quarterly update for Month ending March 2024

Investment objective

To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth-oriented assets. The portfolio aims to provide exposure to predominantly sustainable investment strategies and outperform the benchmark, after fees, over a rolling 4 year period.

Key information

Code	NTH0331
Manager name	Russell Investment Management
Inception date	28 April 2023
Benchmark	Morningstar Australia Balanced Target Allocation NR AUD
Asset class	Diversified
Number of underlying assets	54
Minimum investment horizon	4 years
Portfolio income	Default - Paid to Platform Cash
Management fees and costs	'0.79%
Performance fee	'0%
Estimated net transaction costs	'0.03%
Estimated buy/sell spread	'0.07%/0.07%
Risk band/label	4/Medium
Minimum investment amount	\$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.

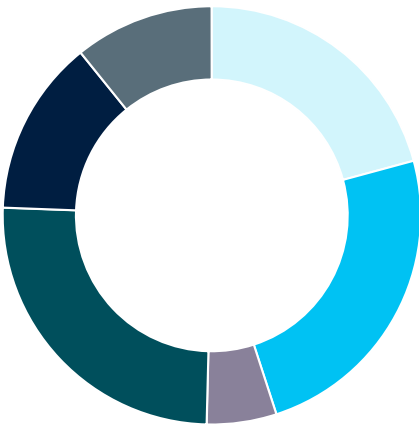
Returns

as at 31 March 2024

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return <sup>1</sup>	9.34	2.09	5.01	11.07	-	-
Income	2.55	0.15	0.64	1.24	-	-
Growth	6.79	1.94	4.37	9.83	-	-
Benchmark <sup>2</sup>	9.46	2.01	4.52	10.56	-	-

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

Asset allocation



as at 31 March 2024

Growth assets	Allocation (%)
Australian Equities	20.8
International Equities	24.2
Property	5.4
Other	0.0
Total	50.4%

Defensive assets	Allocation (%)
Australian Fixed Interest	25.2
International Fixed Interest	13.6
Cash	10.8
Total	49.6%

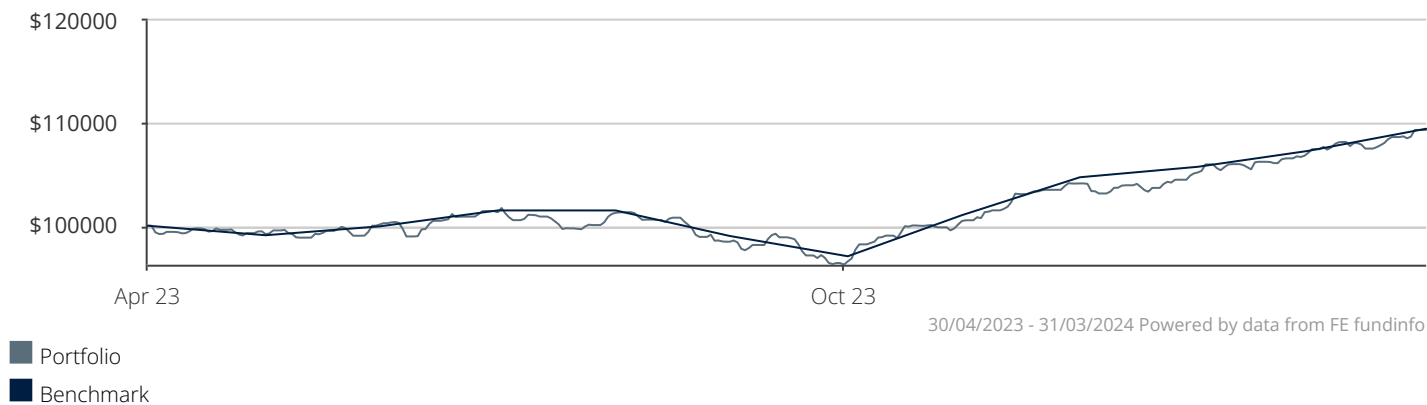
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 30/04/2023



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

Holding	Asset class	Allocation (%)
Pendal Sustainable Australian Fixed Interest Fund	Australian Fixed Interest	11.8
Vanguard Ethically Conscious Glb Agg Bond Index (Hedged) Etf Vanguard	International Fixed Interest	10.9
Ishares Core Cash Etf Ishares Core Cash Etf	Cash	7.5
Russell Investments Low Carbon Global Shares Fund - Class A	International Equities	6.3
Mirova Global Sustainable Equity No. 2 Fund - Class I	International Equities	5.8
Russell Investments Low Carbon Global Shares Fund - Class AUDH	International Equities	5.7
Altius Sustainable Short Term Income Fund	Australian Fixed Interest	5.4
Altius Green Bond Fund	Australian Fixed Interest	4.9
Impax Sustainable Leaders Fund	International Equities	4.4
Perpetual ESG Australian Share Fund	Australian Equities	3.4
Regnan Credit Impact Trust	Australian Fixed Interest	3.0
Robeco SDG Credit Income Fund (AUD Hedged) - Class C	International Fixed Interest	3.0
Alphinity Sustainable Share Fund	Australian Equities	2.7
Ausbil Active Sustainable Equity Fund	Australian Equities	2.7
Vanguard Australian Property Securities Index Etf Vanguard Australian	Property	2.3
Russell Intl Property Securities \$A Hedged Class A Fund	Property	2.3
Ardea Real Outcome Fund	Australian Fixed Interest	2.0
Cash Account	Cash	1.8
First Sentier Responsible Listed Infrastructure Fund	International Equities	1.4
Commonwealth Bank Of Australia Ordinary Fully Paid	Australian Equities	1.2
CSL Limited Ordinary Fully Paid	Australian Equities	1.0
National Australia Bank Limited Ordinary Fully Paid	Australian Equities	0.8
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	0.7
Wesfarmers Limited Ordinary Fully Paid	Australian Equities	0.7
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	0.7
Telstra Group Limited Ordinary Fully Paid	Australian Equities	0.6
RIO Tinto Limited Ordinary Fully Paid	Australian Equities	0.6
Fortescue Ltd Ordinary Fully Paid	Australian Equities	0.6

Holding	Asset class	Allocation (%)
Brambles Limited Ordinary Fully Paid	Australian Equities	0.4
Sonic Healthcare Limited Ordinary Fully Paid	Australian Equities	0.4
Woolworths Group Limited Ordinary Fully Paid	Australian Equities	0.4
Transurban Group Fully Paid Ordinary/Units Stapled Securities	Australian Equities	0.4
JB Hi-Fi Limited Ordinary Fully Paid	Australian Equities	0.4
Bluescope Steel Limited Ordinary Fully Paid	Australian Equities	0.4
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	0.4
QBE Insurance Group Limited Ordinary Fully Paid	Australian Equities	0.4
Goodman Group Fully Paid Ordinary/Units Stapled Securities	Property	0.3
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.3
Technology One Limited Ordinary Fully Paid	Australian Equities	0.3
Medibank Private Limited Ordinary Fully Paid	Australian Equities	0.3
Northern Star Resources Ltd Ordinary Fully Paid	Australian Equities	0.3
Macquarie Group Limited Ordinary Fully Paid	Australian Equities	0.3
Coles Group Limited. Ordinary Fully Paid	Australian Equities	0.2
Wisetech Global Limited Ordinary Fully Paid	Australian Equities	0.2
Iluka Resources Limited Ordinary Fully Paid	Australian Equities	0.2
Stockland Fully Paid Ordinary/Units Stapled Securities	Property	0.2
Evolution Mining Limited Ordinary Fully Paid	Australian Equities	0.2
Lynas Rare Earths Limited Ordinary Fully Paid	Australian Equities	0.2
Pilbara Minerals Limited Ordinary Fully Paid	Australian Equities	0.2

## Quarterly manager commentary

### Market Update

Global share markets made strong gains in the March quarter. Stocks continued to be influenced in large part by the outlook for global interest rates. In the US, Federal Reserve (Fed) chairman Jerome Powell acknowledged that it would be appropriate to start lowering interest rates sometime this year; though he wouldn't be drawn on specific timing. He did add, however, that a March rate cut was unlikely as the Bank had yet to reach a point where it was confident that inflation was coming down sustainably toward its 2.0% target. He also reiterated that the Fed sees three interest rate cuts this year. At the time, the market was betting the Fed would cut rates six times in 2024; the first of which was pencilled in for March. Powell went on to say that whilst the Fed believes interest rates have peaked for this tightening cycle, policymakers remain wary of cutting rates too quickly as doing so could potentially cause inflation to reaccelerate. We saw a similar theme in the UK and Europe, while the Bank of Japan raised interest rates for the first time in 17 years in March. Australian shares performed well; though much of the gains came toward the end of the period after the Reserve Bank of Australia adopted a slightly less hawkish stance on interest rates. Global bonds were slightly weaker for the quarter, while Australian bonds recorded modest gains.

### Portfolio Update

The portfolio delivered a return of 5.01% over the past quarter. The direct Australian equity ESG portfolio contributed positively to performance over the period. Our global equities, credit and Australian fixed income exposures also added value. The portfolio's exposures to global listed infrastructure and Australian listed property were also positive for the quarter. The direct Australian equity ESG portfolio significantly outperformed its benchmark, benefiting in part from strong stock selection within the materials space. This included a structurally imposed underweight to iron ore major BHP Group, which fell on the back of weaker iron ore prices, and overweights to Iluka Resources and James Hardie Industries. Stock selection amongst industrials also added value; notably a sizable overweight to Brambles, which rallied in the wake of better-than-expected earnings. Stock selection within the consumer discretionary sector, including an overweight to electronics retailer JB Hi-Fi, and an overweight to the strong-performing information technology space added further value over the period.

Mirova's Global Sustainable Equity No.2 Fund outperformed its benchmark. Stock selection within the information technology space contributed positively to performance, including overweights to US chip maker NVIDIA and Taiwan Semiconductor Manufacturing Co. Stock selection within the healthcare sector also added value; notably an overweight to Eli Lilly & Co. An underweight to financials added further value over the period.

The Russell Investments Low Carbon Global Shares Fund performed in line with its benchmark. The Fund benefited from its exclusion of tobacco manufacturers and companies involved in defence contracting, however this was offset by stock selection within the information technology space and our structural underweight to the energy sector.

The Impax Sustainable Leaders strategy underperformed its benchmark, driven in part by a sizable overweight to the materials space. Overweights to US software company Ansys, Inc. and UK automotive firm Aptiv also weighed on returns. In contrast, the strategy benefited from stock selection amongst industrials, including overweights to US names United Rentals and Waste Management.

Pendal's Sustainable Australian Fixed Interest Fund outperformed its benchmark. The Fund continued to benefit from non-government positioning.

### Portfolio changes during the quarter:

During the quarter, we rebalanced the direct Australian equity ESG portfolio as part of the regular review cycle. We also reduced the portfolio's allocations to Australian equities, global fixed income, credit and listed infrastructure. We did this in favour of cash, which will provide additional defensive exposure should global and domestic growth slow as expected.

### Market Outlook

We believe the main uncertainty for markets is the outlook for the US economy. Whilst economic data has so far proven more resilient than markets initially expected, we believe the risk of a recession in the US over the next 12 to 18 months remains elevated. US core inflation has trended lower over the past year but remains well above the Fed's 2% target. The key question now is how long will it take for core inflation to settle closer to the central bank'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.

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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