# MyNorth Managed Portfolios

MORNINGSTAR MEDALIST CORE ALL GROWTH PORTFOLIO

Quarterly Update for Month Ending June 2024

## Investment objective

To deliver outperformance of the benchmark over rolling 10-year periods.

## Key information

| | |
|---|---|
| **Code** | NTH0380 |
| **Manager name** | Morningstar |
| **Inception date** | 03 October 2023 |
| **Benchmark** | Morningstar Australia Aggressive Target Allocation NR AUD |
| **Asset class** | Diversified |
| **Number of underlying assets** | 12 |
| **Minimum investment horizon** | 10 years |
| **Portfolio income** | Default - Reinvest |
| **Management fees and costs** | '0.98% |
| **Performance fee** | '0.16% |
| **Estimated net transaction costs** | '0.01% |
| **Estimated buy/sell spread** | '0.13%/0.13% |
| **Risk band/label** | 7/Very high |
| **Minimum investment amount** | $500 |

## About the manager

**Morningstar**

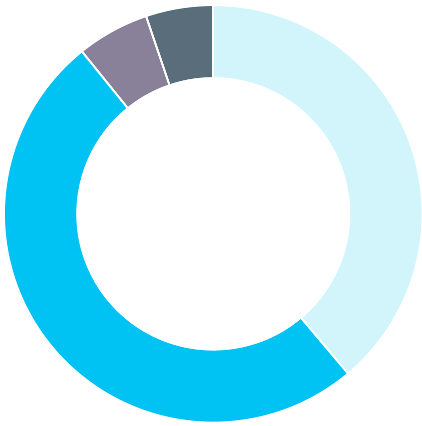
Morningstar is a provider of investment management, asset allocation, portfolio construction and investment research services with over 35 years' experience in the United States, Australia and other international markets. Morningstar advises on, and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

## Returns

as at 30 June 2024

| | Since inception* | 1 Month (%) | 3 Month (%) | 6 Month (%) | 1 Year (%) | 3 Years (%) |
|---|---|---|---|---|---|---|
| Total return[1] | 15.20 | 0.02 | -1.58 | 5.80 | - | - |
| Income | 1.30 | 0.01 | 0.11 | 1.07 | - | - |
| Growth | 13.90 | 0.01 | -1.69 | 4.73 | - | - |
| Benchmark[2] | 15.25 | 1.25 | -0.31 | 7.44 | - | - |

## Asset allocation



as at 30 June 2024

| Growth assets | Allocation (%) |
|---|---|
| Australian Equities | 38.9 |
| International Equities | 50.4 |
| Property | 5.6 |
| Other | 0.0 |
| **Total** | **94.9%** |

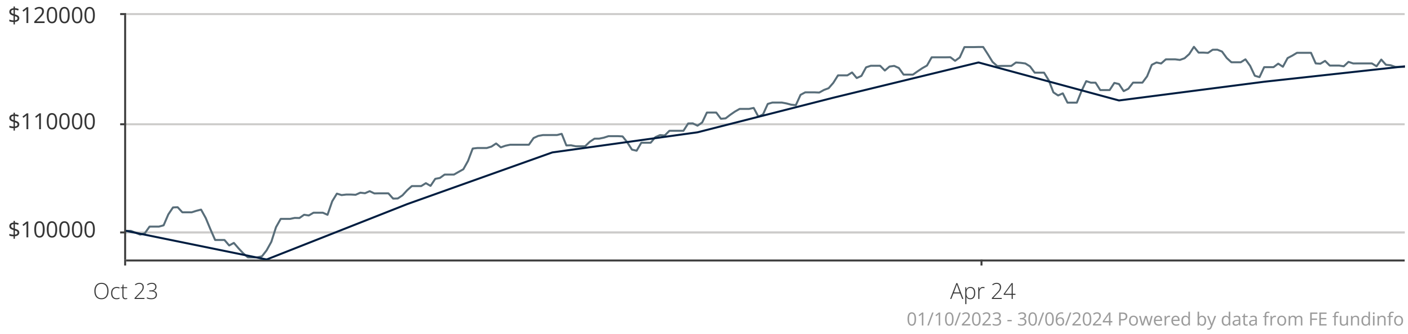
| Defensive assets | Allocation (%) |
|---|---|
| Australian Fixed Interest | 0.0 |
| International Fixed Interest | 0.0 |
| Cash | 5.2 |
| **Total** | **5.2%** |

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 01/10/2023




Portfolio

Benchmark

## Managed portfolio holdings[3]

| Holding | Asset class | Allocation (%) |
|---|---|---|
| Fidelity Australian Equities Fund | Australian Equities | 13.5 |
| Capital Group New Perspective Fund (AU) | International Equities | 13.3 |
| Schroder Australian Equity Fund | Australian Equities | 12.2 |
| GQG Partners Global Equity Fund (AUD Hedged Class) | International Equities | 10.8 |
| Barrow Hanley Global Share Fund - Class S | International Equities | 10.0 |
| MFS Global Equity Trust II - I Class Hedged | International Equities | 10.0 |
| Platypus Australian Equities Fund - Institutional Units | Australian Equities | 8.0 |
| DNR Capital Australian Emerging Companies Fund | Australian Equities | 6.0 |
| iShares Global Listed Property Index Fund (Hedged S Class) | Property | 5.6 |
| MFG Core Infrastructure Fund | International Equities | 4.9 |
| Vanguard Ftse Emerging Markets Shares Etf Vanguard Ftse Emerging Marke | International Equities | 3.5 |
| Cash Account | Cash | 2.2 |

## Quarterly manager commentary

**Market Update**

After an unexpectedly strong March quarter, some emerging risks weighed on the local market. The S&P/ASX 200 Index declined about 2% to finish the June quarter at close to 7,770. The materials sector, which accounts for about 21% of the index, underperformed, with the big iron ore miners dragging down the index. Fortescue was a big loser, down 17% in the June quarter after falling 13% in the March quarter.

In global markets, the second quarter of 2024 delivered positive outcomes for many asset classes, with generally low volatility. The major equity markets continued their climb, with stocks related to artificial intelligence (AI) leading the way. Bonds were a mixed bag over the quarter, however, and have started finding some stability after an extended period of uncertainty. As a result, many multi-asset portfolios have added to their first-quarter gains and are sitting on positive returns for the year to date—with the prospect of interest rate cuts fuelling investor expectations.

For the quarter, a few dominant forces were driving market sentiment. Perhaps the most prominent driver is activity among central banks, with rate cuts commencing in Europe and Canada, although the shifting rhetoric is that rate cuts will be later and shallower than previously expected. Elsewhere, political instability continues, with elections taking place across much of the world, resulting in a changing of the guard.

Of course, there are other fundamental factors playing into proceedings. The global economy has been resilient and corporate profits remain robust in key markets, with record-high profit margins a feature of the U.S. market rally. That said, valuations are starting to stretch beyond fair value, given the all-time high prices, requiring some caution.

For equities, there is wide dispersion beneath, offering the opportunity to think and act selectively. Large-cap stocks are running well ahead of small-cap stocks, especially for AI-related companies. The same can be said for growth versus value stocks, with growth outpacing value by a healthy margin in the quarter. In fact, such is the influence of the mega caps such as NVIDIA, the U.S. market was negative in equal-weighted terms. Emerging markets have also been a mixed bag but contributed positively. China, the largest index component, enjoyed a bit of a rebound from its recent travails, while Taiwan's chip-led market was boosted by its connection to the AI story. India contributed a strong return as well.

For fixed-income investors on the global stage, it has been a muted period. Government bonds and corporate bonds were practically neck and neck for the quarter. Looking within though, short-dated bonds outperformed longer-dated bonds by a reasonable margin. Credit-sensitive bonds continued to benefit from strong equity market sentiment, but that left credit spreads even narrower than they already were, making their valuations look unusually rich by some metrics.

Bringing this together, we face an interesting period that requires careful longer-term positioning. The positive returns are always welcome, although risk management is playing an important role. With technology and AI-related sentiment continuing to run hot, inflationary pressures still vexing, elections in full swing, and a still-combustible atmosphere in the Middle East, it remains pivotal to balance the risk and return drivers in portfolios.

**Portfolio changes during the quarter:**

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation within the managers we use, though we've elected to hold both marginally underweight relative to the new SAA. Fidelity Australian Equities Fund (Gold), Schroder Wholesale Australian Equity (Gold) and DNR Capital Australian Emerging Companies Fund (Silver) was increased slightly back to its target weight, lifting the overall allocation to Australian Equities. While the overall allocation to global equity was virtually unchanged, the portfolio has decreased its allocation to MFS Global Equity Trust II - I Hedged (Gold) and to Barrow Hanley Global Share Fund – Class S (Gold), funding a larger allocation to Capital Group New Perspective Fund (Gold), and increase to GQG Partners Global Equity Fund – AUD Hedged Class. This reduces the underweight to US equities and overweight to global mid-caps, whilst lifting the quality of the equity portfolio. The emerging market allocation via Vanguard Investments Australia FTSE Emerging Markets Shares ETF (Bronze) was maintained at its target weight.

The property and infrastructure overweight allocation is being maintained but the preference is switching from infrastructure to property, and the exposure to AREITs is being maintained at zero, as we see stretched valuations in the asset class.

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.