

# MyNorth Managed Portfolios



## HORIZON INDEX CONSERVATIVE PORTFOLIO

Monthly Update for Month Ending March 2025

Investment objective

Aims to perform in-line with the stated managed portfolio benchmark over rolling three-year periods.

Key information

Code

NTH0432\_01

Manager name

NMMT's Internal Investments Team

Inception date

30 September 2024

Benchmark

Morningstar Australian Multi-Sector Moderate Average Category

Asset class

Diversified

Number of underlying assets

11

Minimum investment horizon

3 years

Portfolio income

Default - Reinvest

Management fees and costs

'0.27%

Performance fee

'0%

Estimated net transaction costs

'0.01%

Estimated buy/sell spread

'0.06%/0.06%

Risk band/label

4/Medium

Minimum investment amount

\$500

### About the manager

**NMMT's Internal Investments Team**

The NMMT's Internal Investments Team has substantial experience in fund manager research and portfolio management. In constructing and managing the portfolios, the team believe that equity markets are inefficient and that shares often trade at significant premiums or discounts to their fair value. They aim to capture these anomalies through a disciplined, research focused approach can generate attractive returns over time.

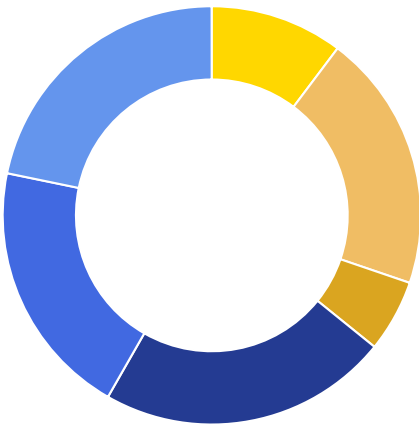
### Returns

as at 31 March 2025

	Since inception*	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Years (%)
Total return <sup>1</sup>	0.80	-1.20	0.15	0.80	-	-
Income	0.85	0.05	0.71	0.85	-	-
Growth	-0.05	-1.25	-0.56	-0.05	-	-
Benchmark <sup>2</sup>	0.92	-0.89	0.32	0.92	-	-

\* Since inception returns commence from the month end of the portfolio's launch.

### Asset allocation



as at 31 March 2025

Growth assets		Allocation (%)
	Australian Equities	10.3
	International Equities	20.0
	Property	5.6
	Other	-0.2
<b>Total</b>		<b>35.7%</b>
Defensive assets		Allocation (%)
	Australian Fixed Interest	22.5
	International Fixed Interest	20.0
	Cash	21.8
<b>Total</b>		<b>64.3%</b>

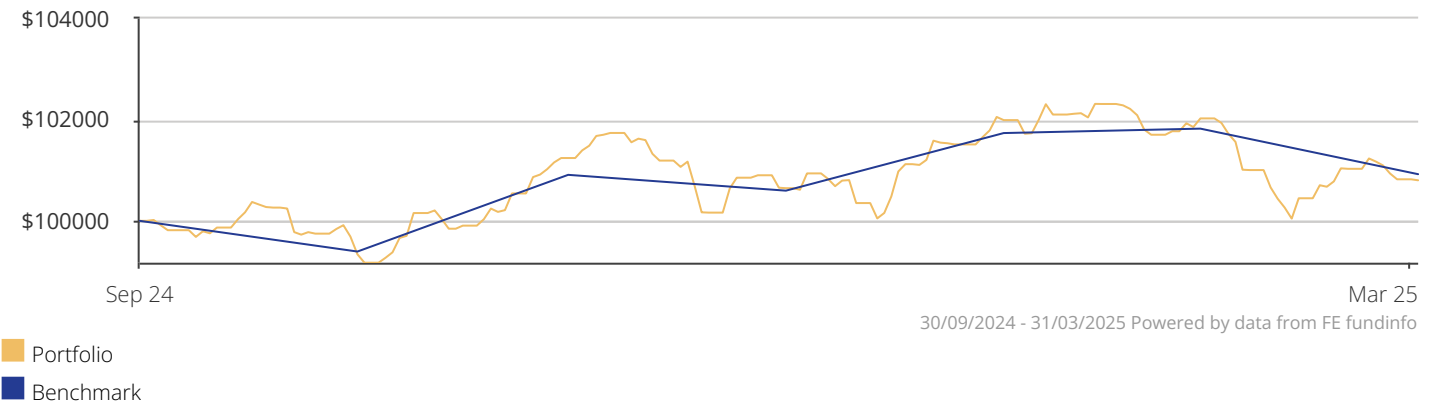
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 benchmark is calculated based on the average performance from peers in the same multi sector category, as compiled and sourced from Morningstar Direct™ in March 2025.

# Performance history

\$100,000 invested since 30/09/2024



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

Holding	Asset class	Allocation (%)
AMP Australian Fixed Interest Index Fund	Australian Fixed Interest	25.8
Macquarie Cash	Cash	20.7
AMP International Fixed Interest Index Fund Hedged	International Fixed Interest	17.1
AMP Australian Equity Index Fund	Australian Equities	12.1
AMP International Equity Index Fund	International Equities	7.9
AMP International Equity Index Fund Hedged	International Equities	6.2
AMP Global Listed Infrastructure Market Index Fund Hedged	International Equities	3.1
AMP International Property Index Fund Hedged	Property	3.1
AMP Emerging Markets Index Fund	International Equities	2.0
Cash Account	Cash	1.0
AMP Australian Property Index Fund	Property	1.0

## Quarterly manager commentary

### Market Update

#### Australian Shares

Australian shares, similar to their international counterparts, steadily rose in the first half of the March quarter before pulling back later in the period, closing the quarter down by 2.8% as measured by the ASX200 total return index. Earlier in the quarter, traders took comfort from small signs of improvement in the still-struggling domestic economy, including small increases in retail and business sentiment, as well as building permits, plus the RBA's long-awaited though largely expected rate cut in February. Towards the end of February, some concern kicked in from global markets around the Trump administration's tariffs, which despite being well-telegraphed in the election campaign, turned out to be levied at higher rates than many anticipated (as revealed in early April.) Compared to other countries such as China, Australia exports a relatively low amount of goods to the US, thus any impact to domestic GDP appears likely to be small. IT was the weakest sector for the quarter, driven by falls in the US, while healthcare was also weak amid fears of potential US tariffs. Defensive sectors outside of healthcare, such as utilities and communications, produced the strongest returns for the period.

#### International Shares

International shares first rose, then pulled back towards the end of the March quarter, closing lower overall (-2.7% in local currency terms) for the period. While for much of the quarter markets remained stable, though towards the end of March concerns rose about potential impacts of tariffs from the Trump administration. European share markets, particularly Germany, were strong performers over the period on the back of Germany's announcement of significant infrastructure and military spending, on top of broader large-scale European military spending announcements. US shares meanwhile were the main laggard despite a strong corporate earnings season, with the tech sector experiencing weakness following the release of DeepSeek, an apparent cost-effective Chinese artificial intelligence model, which in turn triggered more concern about expensive valuations in the sector. Value stocks generally did well compared to growth, a reversal of what was experienced through most of 2024. Emerging markets shares meanwhile outperformed their developed peers to rise by 2.7%, with a falling US dollar a tailwind, given most emerging markets' debt is held in US dollars. (All returns quoted are in local currency terms and on a total-return basis, unless otherwise stated.)

#### Australian Fixed Interest

Australian government bonds outperformed global peers over the March quarter, with the 2-year Commonwealth yield falling by 18 basis points (bps), to 3.68%. The Australian yield curve steepened by 21 bps between 2 and 10 year maturities, on the back of the RBA's February decision to cut the cash

rate by 25 bps, to 4.10%, with the long end of the curve seeing modest increases in yields. The rate move was interpreted by markets as a 'hawkish cut', with the RBA noting inflation pressures were moderating, though the outlook remained uncertain.

Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) index, returned 1.29% over the quarter, while the AusBond Credit index returned 1.52%. The inflation-linked market, as measured by the Bloomberg AusBond Inflation Government (All Maturities) index, delivered a return of -0.42% over the same timeframe.

#### International Fixed Interest

Bond investors experienced a mixed market landscape over the March quarter given rising inflation, volatility and geo-political risks, with safety sought in high quality assets including government bonds, as yields fell in the US. Sources of uncertainty were many and varied, ranging from trade tensions, monetary and fiscal policy divergence, and technological disruption following DeepSeek's emergence as a cost-effective rival to US tech companies specialising in AI. The Trump administration's extensive tariff regime, primarily targeting China but also affecting allies like Canada, Mexico, and the EU, added notably to volatility. US economic growth forecasts 2025 meanwhile were revised down, while inflation expectations rose. Monetary policy decisions reflected regional economic variations throughout the quarter, contributing to divergence in bond returns. The Fed maintained its target rate at 4.25%-4.5% while signalling potential future cuts, the ECB reduced rates to 2.5%, continuing its easing cycle, while the Japanese rate was increased by the BOJ to 0.5%.

Global bonds, as measured by the Bloomberg Global Aggregate index (\$A hedged), returned 1.14% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 1.73% and 1.13% respectively, as measured by the Bloomberg Global Aggregate Corporate index (\$A hedged) and Bloomberg Global High Yield index (\$A hedged).

Regarding global credit, spreads widened modestly across both investment grade and high yield markets, with riskier sectors delivering lower returns, albeit still positive. Balance sheets and fundamentals remained generally sound, though individual bond selection was key given pockets of idiosyncratic pressure.

### Market Outlook

#### Australian Shares

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience, though earnings growth expectations in the short to medium-term are mild. Generally, containing costs remains a priority over more aggressive targeting of top-line growth. While the low-growth economic environment remains difficult, the stability of Australian earnings and dividends over the long-term, and the ability to generate a growing, tax-effective income stream should be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being a necessary premium to pay in exchange for higher potential returns.

#### International Shares

The overall macro environment for global shares is challenging in the short-term, given trade policy uncertainty. For the medium-term however, fundamentals remain reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation. Central banks also have scope to cut further if recession risks rise. Regardless, for longer-term investors, we believe a diverse basket of businesses, bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

#### Australian Fixed Interest

Like their global counterparts, Australian bond valuations have improved significantly in recent years and have moved closer to fair value as yields have risen. We therefore believe forward-looking returns are now significantly more compelling than in recent history when interest rates were close to zero.

#### International Fixed Interest

Global bond markets are likely to continue to focus on the expected paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, continue to lead us to believe returns going forward will likely be reasonable; perhaps around current running yield or a little more, as inflation slows and central banks cut rates. Furthermore, bonds will likely serve as a diversifier to growth assets, particularly during economic slowdown. Stickier than expected inflation remains a risk, as this could cause further delays to additional interest rate cuts.

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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