

Quarterly Update for Month Ending June 2024

Investment objective

To outperform the benchmark over the economic cycle and to provide above market levels of tax-effective income (via franked dividends), with lower volatility than the broader Australian equity market.

Key information

Code	NTH0213
Manager name	Macquarie Investment Management
Inception date	29 November 2021
Benchmark	S&P/ASX 200 Industrials TR Index
Asset class	Australian Equities
Number of underlying assets	36
Minimum investment horizon	5 years
Portfolio income	Default - Reinvest
Management fees and costs	'0.63%
Performance fee	'0%
Estimated net transaction costs	'0.07%
Estimated buy/sell spread	'0.00%/0.00%
Risk band/label	6/High
Minimum investment amount	\$25,000

About the manager

Macquarie Investment Management

Macquarie Investment Management (MIM) delivers a full-service offering across a range of asset classes to both institutional and retail clients in Australia and the US, with selective offerings in other regions. The Macquarie Systematic Investments team is responsible for the management of the Australian equity managed portfolios.

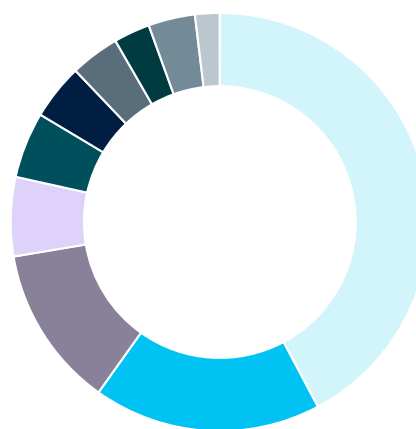
Returns

as at 30 June 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return ¹	7.74	3.22	0.81	12.01	17.71	-	-
Income	4.52	0.01	0.80	2.22	4.96	-	-
Growth	3.22	3.21	0.01	9.79	12.75	-	-
Benchmark ²	5.97	3.34	0.28	9.76	17.83	-	-

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

Sector Allocation



as at 30/06/2024

Financials	42.2
Consumer Discretionary	17.6
Industrials	12.5
Consumer Staples	6.1
Health Care	5.1
Real Estate	4.3
Communication Services	3.8
Materials	2.8
Other	3.6
Cash	1.9

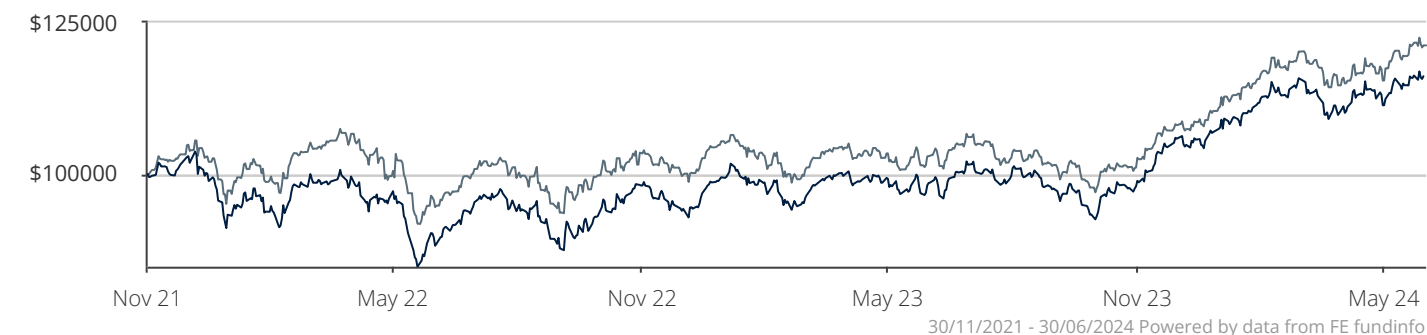
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 30/11/2021



- Portfolio
- Benchmark

Managed portfolio holdings³

Holding	Allocation (%)
AGL Energy Limited. Ordinary Fully Paid	1.3
ANZ Group Holdings Limited Ordinary Fully Paid	6.4
Aristocrat Leisure Limited Ordinary Fully Paid	4.4
Brambles Limited Ordinary Fully Paid	1.9
Cash Account	2.5
Coles Group Limited. Ordinary Fully Paid	3.4
Collins Foods Limited Ordinary Fully Paid	1.1
Commonwealth Bank Of Australia Ordinary Fully Paid	10.8
CSL Limited Ordinary Fully Paid	5.0
Downer Edi Limited Ordinary Fully Paid	2.0
G.U.D. Holdings Limited Ordinary Fully Paid	1.2
Inghams Group Limited Ordinary Fully Paid	1.0
Insurance Australia Group Limited Ordinary Fully Paid	2.9
JB Hi-Fi Limited Ordinary Fully Paid	2.4
Life360 Inc. Chess Depositary Interests 3:1	1.4
Macquarie Group Limited Ordinary Fully Paid	3.7
Medibank Private Limited Ordinary Fully Paid	1.3
Metcash Limited Ordinary Fully Paid	1.9
Monadelphous Group Limited Ordinary Fully Paid	1.1
National Australia Bank Limited Ordinary Fully Paid	5.0
Orica Limited Ordinary Fully Paid	2.9
Origin Energy Limited Ordinary Fully Paid	1.8
Perpetual Limited Ordinary Fully Paid	1.1
Premier Investments Limited Ordinary Fully Paid	2.1
QBE Insurance Group Limited Ordinary Fully Paid	3.7
Sonic Healthcare Limited Ordinary Fully Paid	1.2
Stockland Fully Paid Ordinary/Units Stapled Securities	2.7
Super Retail Group Limited Ordinary Fully Paid	1.9

Holding	Allocation (%)
Telstra Group Limited Ordinary Fully Paid	4.5
Transurban Group Fully Paid Ordinary/Units Stapled Securities	1.5
Ventia Services Group Limited Ordinary Fully Paid	2.3
Waypoint Reit Fully Paid Ordinary/Units Stapled Securities	1.6
Wesfarmers Limited Ordinary Fully Paid	2.9
Westpac Banking Corporation Ordinary Fully Paid	6.2
Worley Limited Ordinary Fully Paid	1.4
Xero Limited Ordinary Fully Paid	1.7

Quarterly manager commentary

Market Update

Equity markets ended the financial year with solid gains in June. The US markets continued to strengthen with the S&P 500 up 3.47% and the NASDAQ jumping 5.96%. Australian markets again lagged with the S&P/ASX 300 up 0.92% and the small-cap S&P/ASX Small Ordinaries benchmark down -1.39%. For the financial year, the US benchmarks have returned 22.70% and 28.61% respectively, significantly outperforming the S&P/ASX300 that has returned 11.92%. The stellar performance of US IT mega-stocks was a key driver of the performance differential along with weak performance by the Resources sector in Australia. Large-caps outperformed small-caps in both countries.

Bond yields fell over the month. The US 10-year bond yield fell by -26bps to 4.31% on signs of a slowing economy. Moves in the Australian 10-year bond yield were more volatile, falling by as much as -31 bps intra-month before reversing and finishing the month only slightly down. Australian CPI numbers released in late June were disappointingly high, raising the prospects of an interest rate hike at the August RBA meeting. Interest rates are higher in both countries compared to a year ago as inflation has proved harder to bring down than expected and cuts in official rates have been pushed back.

Commodity prices were generally weaker. Gold eased after strong gains over the financial year. Over the past year, gold has risen more than 20% despite a strong US dollar. The prospect of lower interest rates in 2025 should provide ongoing support for the yellow metal, acknowledging that multiple factors impact the gold price. Iron ore weakened on rising Chinese inventory levels and ongoing uncertainty on the state of China housing. Uranium was down in June but still up strongly over 12 months as countries increasingly consider nuclear-powered electricity generation. Future-facing metals were weak with copper, nickel, and lithium all down. Nickel fell -15% and copper was off more than -5% in June. Lithium continued its downwards spiral on slowing demand for electric vehicles and over-supply. Oil (Brent) bucked the trend, up 4.13% on rising demand sentiment. In Australia, the Resources benchmark was down -3.54% for the financial year, dragging on overall benchmark returns. Total returns from benchmark heavyweight BHP Group Limited (BHP) were effectively flat for the year.

Sector performance in the S&P/ASX 300 was mixed in June. The best performing sectors included Financials (+5.10%), Consumer

Staples (+4.65%) and Utilities (+4.59%). Weaker sector performance was delivered by Materials (-6.60%), Energy (-1.96%) and Industrials

(-0.15%). Strong returns from banks and insurers drove the strong performance from Financials. The Consumer Staples sector is dominated by Woolworths Group Limited (WOW, +6.93%) and Coles Group Limited (COL, +3.71%) which both bounced on the conclusion of Senate Hearings into grocery prices. The effect of ever-tightening cost-of-living conditions should also favour grocery spend over outside dining experiences. AGL Energy Limited (AGL, +5.87%) and Origin Energy Limited (ORG, +6.58%) outperformed as the combination of wet weather, lighter winds, and a cold start to winter has supported electricity prices. Weak commodity prices impacted Materials with Fortescue Limited (FMG, -13.46%) also affected by a major shareholder selling down its holding.

The best performing large-cap stocks during the month were Pro Medicus Limited (PME, +19.26%), Insurance Australia Group Limited

(IAG, +15.16%) and Aristocrat Leisure Limited (ALL, +10.75%). Worst performers included Arcadium Lithium Plc (LTM, -25.86%), Mineral Resources Limited (MIN, -24.76%) and Paladin Energy Limited (PDN, -21.66%). Pro Medicus is generally regarded as one of the higher quality companies in the S&P/ASX 300 with high margins and strong growth characteristics. Demand for its medical imaging technology continues to see the company win lucrative long-term contracts in leading US hospitals. Five new contracts were announced in late May with share price momentum ongoing through June. Insurance Australia announced changes to its reinsurance arrangements that should reduce volatility in claims and smooth profits, justifying a higher earning multiple. Weakness in lithium, iron-ore and uranium prices impacted Arcadium Lithium, Mineral Resources and Paladin Energy respectively. Paladin Energy also announced the takeover of Canadian-based Fission Uranium in an all-scrip acquisition which will provide further growth and diversification benefits.

A handful of companies provided negative pre-reporting season updates, generally concentrated in the consumer discretionary sector.

However, there were also positive updates from non-retailing companies such as bathroom fittings company, GWA Group Limited (GWA), Steadfast Group Limited (SDF) and Insurance Australia Group Limited (IAG). A successful IPO of Guzman y Gomez Limited (GYG) was also a positive boost for market sentiment. With reporting season just around the corner, investors will monitor for any early trends in updates and position accordingly.

From a factor perspective, factors that performed well during June included Value, Momentum and Size. Underperformance of explorationstage mining companies that screened as expensive contributed to the performance of the Value factor. Many of these same companies, particularly lithium and battery-focused companies, also contributed to the positive Momentum effect as collectively they have been enduring underperformers. Other contributors to the solid Momentum result included stocks with positive momentum including Zip Co (ZIP), Pro Medicus (PME), Goodman Group (GMG), Hub24 Limited (HUB) and Life360 Inc. (360). The outperformance of large caps versus small-caps justifies the performance of the Size factor. Momentum has performed particularly well over the past 12 months following weaker returns in the 2023 financial year.

Portfolio Update

The key contributors to relative performance included overweight positions in Aristocrat Leisure Limited (ALL) and IAG (IAG) and an underweight position in Resmed (RMD). Aristocrat continued to outperform following its strong interim result released in May. The company held its Investor Day in June with the market impressed at its revenue growth targets.

Key detractors from performance included overweight positions in Stockland (SGP), Orica (ORI) and Waypoint REIT (WPR).

Market Outlook

Stubbornly high inflation numbers in Australia have greatly reduced the possibility of interest rate cuts in the short term, with an increasing chance of future rate rises. However, imminent tax cuts, rising wages and other supportive fiscal spending measures should cushion the impact of tougher economic conditions.

In the absence of any significant deterioration in the geopolitical environment, the outlook for equity markets remains modestly positive.

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.

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