

# MyNorth Managed Portfolios

# North

## LONSEC LISTED MANAGED PORTFOLIO - BALANCED

Quarterly update for Month ending March 2024

### Investment objective

To deliver a balance of income with moderate capital growth over the minimum investment timeframe of 5 years through exposure across a range of asset classes by investing in listed products and equities.

### Key information

|                                 |   |
|---------------------------------|---|
| Code                            | NTH0239   |
| Manager name                    | Lonsec  |
| Inception date                  | 28 March 2022   |
| Benchmark                       | Morningstar Australia<br>Balanced Target Allocation<br>NR AUD |
| Asset class                     | Diversified   |
| Number of underlying assets     | 43  |
| Minimum investment horizon      | 5 years   |
| Portfolio income                | Default - Reinvest  |
| Management fees and costs       | '0.6%   |
| Performance fee                 | '0%   |
| Estimated net transaction costs | '0.09%  |
| Estimated buy/sell spread       | '0.02%/0.01%  |
| Risk band/label                 | 5/Medium to high  |
| Minimum investment amount       | \$25,000  |

### About the manager

#### Lonsec

Lonsec Investment Solutions is a specialist model portfolio manager with extensive expertise in portfolio construction, asset allocation and investment selection, with our best ideas encapsulated in a series of Lonsec managed portfolios to meet different client needs. Lonsec's research-driven approach to portfolio construction and building quality investment solutions is underpinned by four key beliefs: 1. Dynamic approach to portfolio management. 2. Investing in high quality products rated 'Recommended' or higher. 3. Risk management focus and a rigorous governance process. 4. Diversification across asset classes.

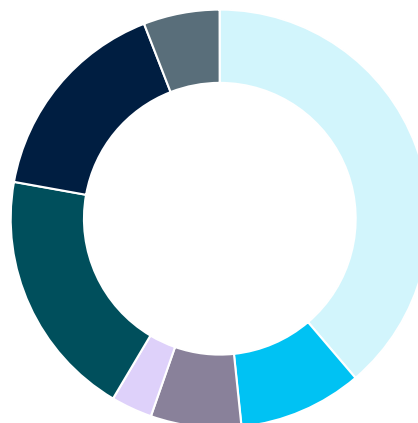
### Returns

as at 31 March 2024

|                           | Since inception* | 1 Month (%) | 3 Months (%) | 6 Months (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) |
|---------------------------|------------------|-------------|--------------|--------------|------------|-------------|-------------|
| Total return <sup>1</sup> | 3.99             | 2.50        | 4.70         | 9.70         | 10.03      | -           | -           |
| Income                    | 2.87             | 0.22        | 0.82         | 1.44         | 2.95       | -           | -           |
| Growth                    | 1.12             | 2.28        | 3.88         | 8.26         | 7.08       | -           | -           |
| Benchmark <sup>2</sup>    | 4.53             | 2.01        | 4.52         | 10.56        | 10.77      | -           | -           |

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

### Asset allocation



as at 31 March 2024

| Growth assets                | Allocation (%) |
|------------------------------|----------------|
| Australian Equities          | 38.8           |
| International Equities       | 9.6            |
| Property                     | 7.0            |
| Other                        | 3.2            |
| <b>Total</b>                 | <b>58.6%</b>   |
| Defensive assets             | Allocation (%) |
| Australian Fixed Interest    | 19.3           |
| International Fixed Interest | 16.3           |
| Cash                         | 5.9            |
| <b>Total</b>                 | <b>41.5%</b>   |

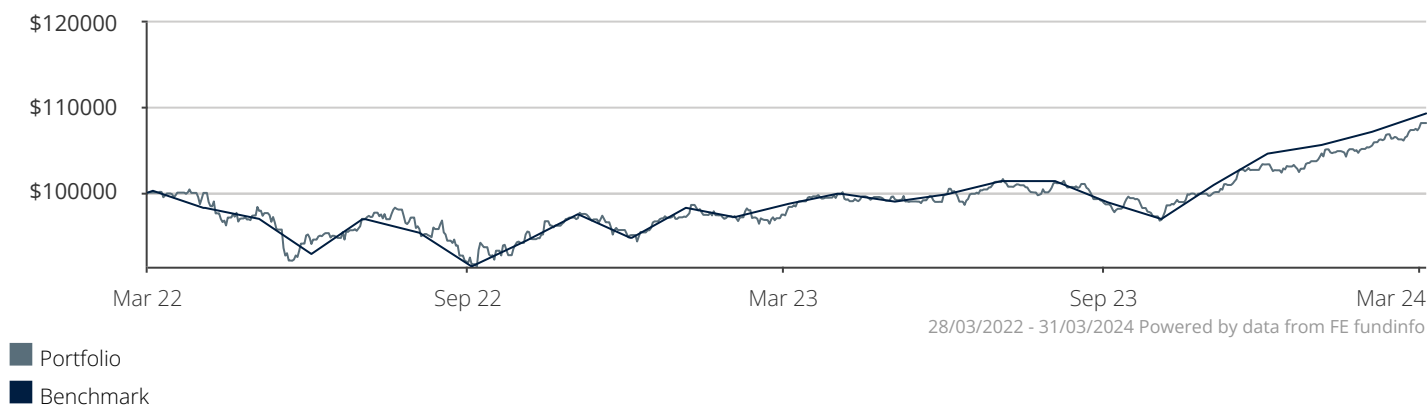
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 applicable Benchmark for this portfolio is shown in the Key Information section.

## Performance history

\$100,000 invested since 28/03/2022



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

| Holding  | Asset class                  | Allocation (%) |
|--|------------------------------|----------------|
| Vanguard Global Aggregate Bond Index (Hedged) Etf Vanguard Global Aggr | International Fixed Interest | 13.0           |
| Ishares Core Composite Bond Etf Ishares Core Composite Bond Etf        | Australian Fixed Interest    | 9.0            |
| Activex Ardea Real Outcome Bond Fund (Managed Fund) Active X Ardea RL  | International Fixed Interest | 6.5            |
| Betashares Global Shares Etf - Currency Hedged Betashares Global Share | Australian Equities          | 6.0            |
| Betashares Westn Asset Aus Bond Fund (Managed Fund) Betashares West As | Australian Fixed Interest    | 6.0            |
| Vaneck Msci International Quality Etf Vaneck Msci International Qualit | International Equities       | 6.0            |
| Barrow Hanley Global Share Fund (Managed Fund) Barrow Hanley Global Sh | Australian Equities          | 5.5            |
| Ishares Core Cash Etf Ishares Core Cash Etf                            | Cash                         | 4.1            |
| Betashares Global Shares Etf Betashares Global Shares Etf              | Australian Equities          | 3.0            |
| Betashares Martin Currie EM Fund (Managed Fund) Betashares Martin Curr | International Equities       | 3.0            |
| Global X Metal Securities Australia Limited. Global X Physical Gold    | Other                        | 3.0            |
| Vaneck Australian Subordinated Debt Etf Vaneck Australian Subordinated | Australian Fixed Interest    | 3.0            |
| Vaneck Ftse Global Infrastructure (Hedged) Etf Vaneck Ftse Global Infr | Property                     | 3.0            |
| Vanguard Australian Property Securities Index Etf Vanguard Australian  | Property                     | 3.0            |
| BHP Group Limited Ordinary Fully Paid                                  | Australian Equities          | 2.1            |
| Cash Account   | Cash                         | 2.1            |
| Resolution Cap Global Prop Sec (Managed Fund) Resolution Cap Global Pr | Australian Equities          | 2.0            |
| Vaneck Australian Resources Etf Vaneck Australian Resources Etf        | Australian Equities          | 2.0            |
| Commonwealth Bank Of Australia Ordinary Fully Paid                     | Australian Equities          | 1.6            |
| National Australia Bank Limited Ordinary Fully Paid                    | Australian Equities          | 1.6            |
| Aristocrat Leisure Limited Ordinary Fully Paid                         | Australian Equities          | 1.1            |
| Computershare Limited. Ordinary Fully Paid                             | Australian Equities          | 1.1            |
| CSL Limited Ordinary Fully Paid  | Australian Equities          | 1.1            |
| Macquarie Group Limited Ordinary Fully Paid                            | Australian Equities          | 1.1            |
| Resmed Inc Cdi 10:1 Foreign Exempt NYSE                                | Australian Equities          | 1.1            |
| Santos Limited Ordinary Fully Paid                                     | Australian Equities          | 1.1            |
| Woolworths Group Limited Ordinary Fully Paid                           | Australian Equities          | 1.1            |
| Telstra Group Limited Ordinary Fully Paid                              | Australian Equities          | 0.8            |

| Holding   | Asset class         | Allocation (%) |
|---|---------------------|----------------|
| Transurban Group Fully Paid Ordinary/Units Stapled Securities | Australian Equities | 0.8            |
| CAR Group Limited Ordinary Fully Paid                         | Australian Equities | 0.5            |
| Endeavour Group Limited Ordinary Fully Paid                   | Australian Equities | 0.5            |
| Goodman Group Fully Paid Ordinary/Units Stapled Securities    | Property            | 0.5            |
| Orica Limited Ordinary Fully Paid                             | Australian Equities | 0.5            |
| QBE Insurance Group Limited Ordinary Fully Paid               | Australian Equities | 0.5            |
| Qube Holdings Limited Ordinary Fully Paid                     | Australian Equities | 0.5            |
| REA Group Ltd Ordinary Fully Paid                             | Australian Equities | 0.5            |
| RIO Tinto Limited Ordinary Fully Paid                         | Australian Equities | 0.5            |
| Steadfast Group Limited Ordinary Fully Paid                   | Australian Equities | 0.5            |
| Suncorp Group Limited Ordinary Fully Paid                     | Australian Equities | 0.5            |
| The Lottery Corporation Limited Ordinary Fully Paid           | Australian Equities | 0.5            |

## Quarterly manager commentary

### Market Update

The Australian market had another strong month in March, finishing up 3.3% for the month and 5.3% for the quarter. Real Estate delivered the largest returns (+9.7%), while Energy (+5.3%) and Utilities (+4.8%) were the other market-leaders. Despite only a minor retraction (-0.6%), Communications finished as the only sector in the red. The Small Ordinaries index outperformed the ASX 200 index, returning 4.8% for the month.

Global developed markets equities gained 3.0% in March, lifting the quarterly gains to 14.1%, led by the US tech sector. The 4.3% quarterly decline in the Australian dollar was a headwind for hedged exposures. Emerging markets equities gained 7% for the quarter, yet still underperformed developed market equities.

The domestic property sector performed very strongly over the March quarter gaining 16%, while Global REITs (-1.4%) and Global Infrastructure (+1.8%) significantly underperformed other growth assets over the quarter.

During the month the RBA decided to leave the cash rate target unchanged at 4.35%, with the headline monthly CPI indicator momentum easing over recent months. Australian bond markets remained relatively unchanged with 10- and 2- Year Bond yields falling 5 and 4 basis points respectively over the course of the month.

In the US., the Federal Reserve announced it would maintain the overnight federal funds rate at 5.25%-5.5% for the fifth consecutive meeting, with recent indicators suggest that economic activity has been expanding at a solid pace. Total nonfarm payroll employment rose by 303,000 in March, and the unemployment rate changed little at 3.8%.

Both the domestic and global fixed interest indices increased over the month, with the Bloomberg AusBond Composite 0+ Years Index and the Bloomberg Global Aggregate Index (AUD Hedged) up 1.1% and 0.8% respectively.

### Portfolio Update

The portfolio delivered a return of 4.70% over the past quarter. Global equities significantly outperformed domestic equities, while bonds generated slightly positive returns over the March quarter.

The portfolio's global equities allocations generated solid returns over the quarter, with the strongest returns coming from the VanEck MSCI International Quality ETF (+16.9%), while the value biased Barrow Hanley fund (GLOB) underperformed (+8.9%).

The portfolio's domestic Real Estate exposure (VAP) performed very strongly over the March quarter gaining 16%, while the Resolution Capital Global Property Securities Fund (-1.4%) and Global Infrastructure (+1.8%) significantly underperformed other growth assets over the quarter. Gold traded at record levels during the quarter, gaining 11% over the period.

In Australian equities, the Core SMA returned 2.9% for the month and has gained 5.8% over the quarter, outperforming the benchmark by 53bps. At the stock level, key contributors for the quarter were Goodman Group (+34%), Resmed (+18%) Suncorp (+21%) and QBE insurance (+26%), while the main detractors were Woolworth (-10%) and BHP (-10%). The resources sector exposure, VanEck Australian Resources ETF, returned 2.9% over March as commodity prices rebounded.

The portfolio's fixed income allocation outperformed over the quarter, driven by shorter duration exposures (QPON, SUBD), while the ActiveX Ardea Real Outcome Bond Fund (-0.3%) underperformed over the period.

### Market Outlook

We continue to hold our optimistic view on the economic cycle, supported by positive macroeconomic data and sentiment. We anticipate that central banks will loosen their monetary policies, but at a slower rate than currently predicted by the market. It's worth noting that the market has recently adjusted its expectations for future rate cuts in line with our position, as persistent inflation will likely moderate central bank actions.

Our Dynamic Asset Allocation (DAA) remains unchanged this month, with a broadly neutral stance across asset classes. We prefer investing in Global Small Caps over Global Large Caps in the Global Equities category, given the relative valuation opportunity that we see.

Regarding defensive investments, we see value in holding longer-duration fixed income as it provides some protection if we are wrong and macroeconomic conditions worsen. Looking ahead, we recommend keeping an eye on the weakness of the Australian dollar, monitoring any policy changes from the Chinese government to stimulate its economy meaningfully, observing any changes in the scope and magnitude of fighting in Ukraine and Israel, and tracking developments in the US presidential primaries.

#### A Special Comment on Lonsec's Gold Allocation

Central banks are buying gold to strengthen their currencies and reduce reliance on the US dollar. According to the latest data from the World Gold Council, central banks have purchased over 1,000 tonnes of gold each year for the past two years.

Gold offers several advantages for investors looking to diversify their portfolios and manage risk. Historically, it has acted as a hedge against inflation and currency devaluation, preserving wealth during economic uncertainty. Additionally, its value tends to increase when traditional assets like stocks and bonds face challenges, making it an effective diversifier that can help lower portfolio volatility and improve risk-adjusted returns.

Given the current uncertain economic and geopolitical environment and the growing interest in gold-backed currencies, demand for gold is expected to remain strong. An allocation to gold within the Lonsec models can be a risk-off diversifier. This helps mitigate downside volatility and improve overall portfolio performance across various market conditions.

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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