

Monthly Update for Month Ending September 2024

Investment objective

The managed portfolio aims to achieve a return of CPI +2% p.a. by investing in a mix of asset classes.

Key information

Code	NTH1050
Manager name	InvestSense
Inception date	12 February 2020
Benchmark	Consumer Price Index (CPI) + 2.0%
Asset class	Diversified
Number of underlying assets	30
Minimum investment horizon	5 years
Portfolio income	Default - Paid to Platform Cash
Management fees and costs	0.59%
Performance fee	0.02%
Estimated net transaction costs	0.02%
Estimated buy/sell spread	0.06%/0.07%
Risk band/label	4/Medium
Minimum investment amount	\$500

About the manager

InvestSense

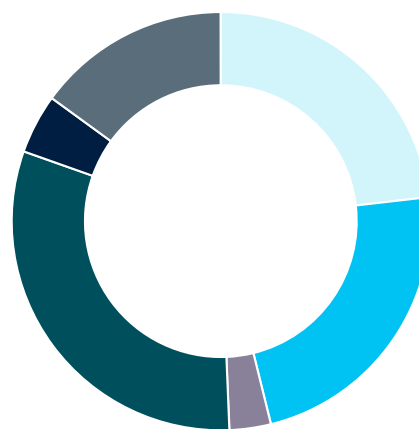
InvestSense is an investment management firm founded in 2014. The investment team have extensive experience in financial markets across investment consulting, portfolio management and investment research. InvestSense's investment philosophy is underpinned by the belief that prevailing market valuations tend to be indicative of final outcomes over long-time periods. By undertaking a forward-looking view of expected returns and implied risks, InvestSense aims to understand if the market is sufficiently rewarding investors for the risks they're undertaking across different asset classes.

Returns

as at 30 September 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return ¹	4.76	1.38	4.74	4.15	14.36	4.73	-
Income	4.30	0.07	2.04	2.71	4.65	4.20	-
Growth	0.46	1.31	2.70	1.44	9.71	0.53	-
Benchmark ²	6.09	0.73	0.73	2.26	4.87	7.24	-

Asset allocation



as at 30 September 2024

Growth assets	Allocation (%)
Australian Equities	23.2
International Equities	23.0
Property	3.2
Other	0.0
Total	49.4%
Defensive assets	Allocation (%)
Australian Fixed Interest	31.1
International Fixed Interest	4.6
Cash	15.0
Total	50.7%

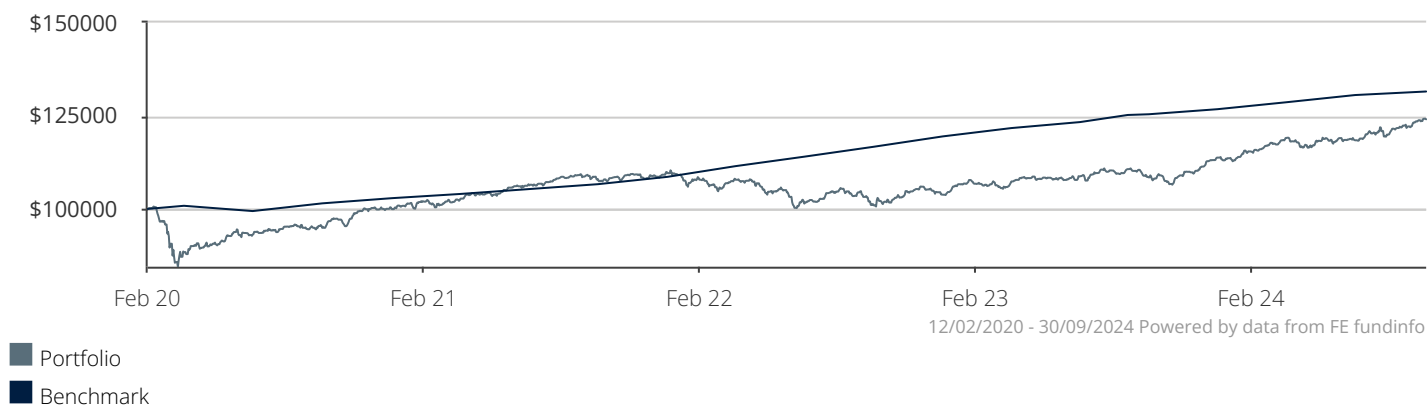
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 Benchmark is based on the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS) as of the current reporting period.

Performance history

\$100,000 invested since 12/02/2020



Managed portfolio holdings³

Holding	Asset class	Allocation (%)
Macquarie Core Australian Equity Active Etf	Australian Equities	12.1
Betashares Australian High Interest Cash Etf	Cash	11.8
Macquarie True Index Australian Fixed Interest	Australian Fixed Interest	9.9
Global X US Treasury Bond Etf (Currency Hedged)	International Fixed Interest	8.2
Vaneck S&P/ASX Midcap Etf	Australian Equities	7.2
Janus Henderson Tactical Income Fund	Australian Fixed Interest	6.4
Yarra Enhanced Income Fund - Class A	Australian Fixed Interest	5.3
Artesian Corporate Bond Fund - Class C	Australian Fixed Interest	5.0
Macquarie Hedged Index Global Infrastructure Securities Fund	International Equities	4.5
Fortlake Real Income	Australian Fixed Interest	3.7
Vanguard Global Value Equity Active Etf (Managed Fund)	International Equities	3.3
Vanguard US Total Market Shares Index Etf	International Equities	3.2
Betashares NASDAQ 100 Etf	International Equities	3.1
Macquarie True Index Listed Property Fund	Property	3.0
Vanguard Msci International Small Companies Index Etf	International Equities	2.8
Yarra Australian Smaller Companies Fund	Australian Equities	2.8
Vanguard Emerging Markets Shares Index Fund	International Equities	2.6
Vanguard All-World Ex-US Shares Index Etf	International Equities	2.1
Ishares Msci Japan Etf	International Equities	1.8
Cash Account	Cash	1.2

Quarterly manager commentary

Market Update

The third quarter of 2024 painted a picture of resilience amid ongoing uncertainties. Global markets navigated a complex landscape, driven by the push and pull of inflation concerns, interest rate speculations, and geopolitical tensions.

Tech stocks, particularly in the semiconductor space, led the charge, though their lofty valuations raised eyebrows. Central banks maintained their cautious stance, balancing inflation control with growth support. The labor market showed signs of cooling but remained surprisingly robust, lending credence to the "soft landing" narrative.

In fixed income, yields fluctuated as investors reassessed rate cut expectations. Commodities presented a mixed bag, with energy prices particularly volatile due to geopolitical factors and demand shifts.

Emerging markets offered varied opportunities, while European markets grappled with sluggish growth and persistent inflation. Asian markets, notably Japan, attracted increased international interest.

The quarter highlighted divergent sector performance. Growth and value stocks showed similar overall returns, but with significant variations based on sector and regional allocations. Small caps and certain cyclical sectors hinted at a potential rotation away from mega-cap tech dominance.

Portfolio Update

Over the third quarter of 2024, the portfolio navigated through volatile market conditions, with varied performance across asset classes and funds.

July saw Property & Infrastructure leading gains while Cash lagged. Security selection added value, with the Langdon Global Smaller Companies Fund being the largest outperformer and the L1 Capital Catalyst Fund underperforming. Asset allocation negatively impacted returns, primarily due to the portfolio's overweight to Fixed Interest. International equities had a positive month, with the Langdon Global Smaller Companies Fund and Platinum Japan Fund performing well. Among Australian equity funds, the Eley Griffiths Group Emerging Companies Fund showed strength. Fixed interest underperformed benchmarks, with the US Treasury Bond ETF and Macquarie True Index Australian Fixed Interest Fund leading the sector.

August brought a shift in performance, with Property & Infrastructure maintaining its lead while International Equities struggled. Security selection subtracted value this month, as the VanEck S&P/ASX MidCap ETF outperformed and the Vanguard Global Value Equity Active ETF underperformed. Asset allocation negatively contributed, mainly due to the underweight in Property & Infrastructure. International equities faced challenges, though the Vanguard FTSE All World Ex-US ETF and iShares MSCI Japan ETF showed resilience. In Australian equities, the VanEck S&P/ASX MidCap ETF and Macquarie Core Australian Equity Active ETF delivered modest gains. Fixed interest continued to underperform benchmarks, with the US Treasury Bond ETF and Macquarie True Index Australian Fixed Interest Fund leading the way.

September saw a notable shift with Property & Infrastructure taking the lead and Cash lagging. Security selection added value, as the Vanguard Emerging Market Shares Index Fund outperformed while the Macquarie Hedged Index Global Infrastructure Securities Fund underperformed. International equities had a mixed month, with the Vanguard Emerging Market Shares Index Fund and Vanguard FTSE All World Ex-US ETF performing relatively better. Australian equity funds showed strength, particularly the Yarra Australian Smaller Companies and Macquarie Core Australian Equity Active ETF. Fixed interest performance remained subdued, with the Yarra Enhanced Income Fund and Artesian Corporate Bond Fund delivering the best returns within the asset class.

Portfolio changes during the quarter:

The InvestSense diversified portfolios underwent some manager changes, primarily in Australian and International equities, aimed at reducing overall fees and optimizing exposures. In Australian equities, Vanguard Index is being replaced with Macquarie's Core Australian Equity Active ETF, while VanEck MidCap ETF is introduced to increase mid-cap exposure. Small cap exposure shifts to Yarra Australian Smaller Companies.

Internationally, Vanguard International Index is replaced with separate US and All World Ex-US ETFs, allowing for regional tilts. BetaShares Nasdaq 100 and Vanguard Global Value Equity Active ETFs are added to balance growth and value exposures. Underperforming Platinum Japan has been replaced with iShares MSCI Japan ETF. The fixed interest composition remains largely unchanged.

Market Outlook

Looking ahead, the market landscape appears cautiously optimistic, though challenges remain. The global economy seems to be inching towards a soft landing, but the path is far from certain.

Central bank policies will continue to be a key focus. While there's an expectation of a shift towards a more dovish stance, the timing and magnitude of potential rate cuts remain unclear. Market participants will closely monitor economic releases for signs of sustained disinflation that could prompt central banks to ease their policies.

The tech sector, particularly in AI and semiconductors, is likely to remain in the spotlight. However, increased scrutiny on valuations could lead to volatility and potential sector rotations. Investors may need to reassess their expectations for this high-flying sector.

Geopolitical risks continue to be a wild card. With ongoing tensions in various regions and the upcoming U.S. presidential election, markets could face unexpected turbulence. Geographic diversification may help mitigate these risks.

In fixed income, a more stable interest rate environment could renew interest in bonds. High-quality corporate and government securities may see increased demand as investors seek to balance their portfolios.

Emerging markets and small-caps present interesting opportunities, with many quality companies trading at attractive valuations. However, selectivity will be key, as risks vary significantly across different regions and companies.

Commodities and real assets may continue to play an important role as hedges against inflation and geopolitical uncertainties, though performance is likely to vary across different classes.

Overall, while the economic backdrop appears more stable, investors should remain prepared for potential volatility. Diversification across asset classes, geographies, and market capitalizations remains prudent. As the market environment becomes more nuanced, active management and careful security selection may become increasingly important.

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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