MyNorth Managed Portfolios

INDEXPLUS BALANCED MANAGED PORTFOLIO

Quarterly update for month ending December 2023

Investment objective

The managed portfolio aims to provide moderate to high returns over the medium to long term through a diversified portfolio of growth and defensive assets.

Key information

Code	NTH1056
Manager name	AMP Research Team
Inception date	28 July 2020
Benchmark	Morningstar Australian Multisector Growth Average Category
Asset class	Diversified
Number of underlying assets	30
Minimum investment horizon	5 years
Portfolio income	Reinvested
Management fees and costs	'0.42%
Performance fee	'0.06%
Estimated net transaction costs	'0.04%
Estimated buy/sell spread	'0.10%/0.10%
Risk band/label	6/High
Minimum investment amount	$500

About the manager

AMP Research Team

The AMP Research 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 December 2023

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return[1]	6.41	3.78	6.01	4.72	11.75	4.67	-
Income	4.24	0.04	0.10	3.21	4.27	4.21	-
Growth	2.17	3.74	5.91	1.51	7.48	0.46	-
Benchmark[2]	7.50	3.77	5.58	4.51	10.85	5.29	-

Asset allocation

as at 31 December 2023

	Growth assets	Allocation (%)
	Australian Equities	26.3
	International Equities	33.7
	Property	8.2
	Other	0.0
	Total	**68.2%**

	Defensive assets	Allocation (%)
	Australian Fixed Interest	14.3
	International Fixed Interest	12.0
	Cash	5.5
	Total	**31.8%**

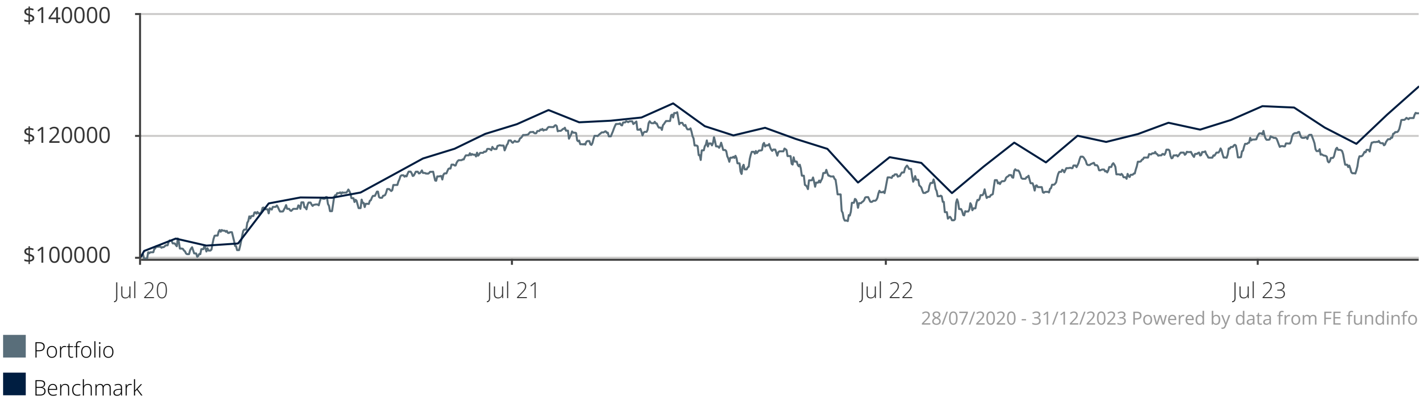
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 December 2023.

Performance history

$100,000 invested since 28/07/2020



Managed portfolio holdings[3]

Holding	Asset class	Allocation (%)
Australian Equity Index Fund	Australian Equities	16.6
International Equity Index Fund	International Equities	10.9
Australian Fixed Interest Index Fund	Australian Fixed Interest	9.1
AMP International Equity Index Fund Hedged	International Equities	5.0
PIMCO Global Bond Fund - Wholesale Class	International Fixed Interest	4.7
MFG Core Infrastructure Fund	International Equities	4.7
CC Sage Capital Equity Plus Fund - Class C	Australian Equities	3.8
International Property Index Fund Hedged	Property	3.7
Pendal Short Term Income Securities Trust	Cash	3.5
International Fixed Interest Index Fund Hedged	International Fixed Interest	3.3
Macquarie Dynamic Bond No. 1 Fund - Class W	International Fixed Interest	3.3
Vanguard International Shares Index Fund (Hedged)	International Equities	3.3
Australian Property Index Fund	Property	3.2
Pendal Focus Australian Equities Fund	Australian Equities	3.1
Pendal Sustainable Australian Fixed Interest Fund - Class W	Australian Fixed Interest	2.8
Ironbark Royal London Core Global Share Fund - Class A	International Equities	2.5
Eiger Australian Small Companies Fund - Class A	Australian Equities	2.2
Ardea Diversified Bond Fund - Class C	Australian Fixed Interest	2.0
GQG Partners Global Equity Fund - Z Class	International Equities	2.0
T.Rowe Price Global Equity - M Class	International Equities	1.9
Zurich Investments Global Growth Share Fund - Class D	International Equities	1.9
Cash Account	Cash	1.7
Antipodes Global Fund - Long	International Equities	1.5
Fidelity Asia Fund	International Equities	1.4
Allan Gray Australia Equity Fund	Australian Equities	1.3
Ironbark Royal London Concentrated Global Share - Class M	International Equities	0.9

Quarterly manager commentary

Market Update

In a reversal of Q3 performance all asset classes recorded positive returns over the fourth quarter as declining bond yields supported markets, notably listed real assets. Markets also took comfort from comments by Central Banks that the interest rate cycle had, most likely, peaked. This was a substantial change in investor views the previous quarter where the dominant theme was that interest rates would be higher-for-longer as Central Banks looked to control inflation.

The December quarter began with falling financial markets on the back of continued difficult economic conditions. News flow then promptly gave way to geopolitical issues in the Middle East. Mid-quarter saw sentiment turn strongly positive, with stocks surging higher and bond yields falling significantly as global inflation resumed its downtrend, economic growth remained positive, and US economic productivity showed significant improvement. Accordingly, most central banks remained on pause with rate-rises.

Markets rallied further throughout December across most regions and asset classes, as falling inflation, particularly in Europe and the US, led to increased expectations of rate cuts in the back half of 2024 and the higher-for-longer prognosis beginning to unwind.

The changed environment has led to some re-balancing of holdings within the portfolios. The detailed rationale for these changes was noted in the communications to investors at the time these trades were made.

Australian equities

Driven by a surge in global equities on the back of normalising inflation levels in Europe and the US, Australian shares finished the December quarter up by 8.4%, as measured by the ASX200 total return index. Market sentiment took a pronounced positive turn mid-quarter, as equities began to price in a global soft-landing scenario, along with expectations for falling global interest rates in the back half of 2024. This was despite weak domestic economic indicators, such as low levels of disposable income, poor consumer confidence, negative economic growth per-capita and moderately rising unemployment.

Global equities

After a poor September quarter, the December quarter was one of the strongest seen in recent years for international equities, with major developed markets up by almost 10%. (Returns were around 5.3% in Australian dollar terms due to a stronger Australian dollar). US equities, as measured by the S&P 500 Index, ended the year near the all-time high set in early 2022 after a 11.7% rally in $US. The technology-heavy NASDAQ gained 14.6% to finish 2023 up a remarkable 55.1%. The main driver was significant further falls in inflation and an expectation of several rate cuts by the US Federal Reserve in the months ahead. Interestingly, while technology stocks were responsible for the majority of the markets' gains through 2023, the fourth quarter rally was more broad-based, with most sectors lifted by the rising tide of optimism, notably those sensitive to interest rates.

Fixed income

The December quarter was characterised by two distinct phases within global bond markets. In October, bonds were facing the prospect of another year of negative returns as strong economic momentum continued, leading to further, but more measured hawkish sentiment from developed central banks. This environment pushed bond prices lower and yields higher. However, encouraged by progress being made to bring inflation closer to target levels, the US Federal Reserve made a dovish pivot in November, leading to a sustained rally for the remainder of the quarter in fixed income markets.

In line with the rally in most risk assets, corporate bond spreads tightened by 21bps, with much of the movement occurring in November and December, bringing them back to levels not seen since the early stages of the Fed tightening cycle in 2022. Corporate balance sheets remained relatively strong, negating continued concerns about further increases in default rates and downgrades. Global bonds, as measured by the Bloomberg Global Aggregate Index ($A hedged), returned 5.4% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 6.9% and 7.1% respectively, as measured by the Bloomberg Global Aggregate Corporate Index ($A hedged) and Bloomberg Global High Yield Index ($A hedged).

Property and infrastructure

The S&P/ASX 300 A-REIT Index rallied an impressive 16.5%, materially outperforming the broad domestic equity market, which gained 8.4%. The outperformance was driven by a meaningful decline in yields, as noted above. Global property securities gained 12.7 % in hedged Australian dollar terms while Global Listed Infrastructure performed modestly in comparison, returning 8.8%, in hedged terms.

For calendar year 2023, global property gained 7.9% while A-REITs delivered 16.9%. Infrastructure was flat (+0.0%).

Portfolio update

The portfolio returned 6.01%, outperforming the benchmark return of 0.43% over the fourth quarter of 2023.

In a strong quarter all asset classes recorded a positive return, except for the Alternatives exposure benefitting from lower bond yields and expectations of lower interest rates. The best performance, by asset class, was Listed Real Assets (Infrastructure and Property) as valuations improved while Fixed Interest asset class recorded a sound quarter with domestic bonds up 3.79% and Global Bonds up 5.43%. Equities had a strong rebound with the Australian equities up 8.4% and global shares up 9.9% (hedged). Equities were supported both declining bond yields and by a reasonable outlook for company earnings and strong job markets.

Active management detracted slightly from performance across the portfolio, largely in Australian Equities, where Eiger, which is the portfolio's small companies' manager, had a notable under-performance over the quarter.

Within the global equity allocation, all fund strategies contributed to positive returns over the quarter. At the fund position level, GQG Partners (blended) and Zurich (growth) provided the strongest contributions to active performance, while Antipodes (value) and T Rowe Price (growth) were the largest detractors. Contributions from currency hedged global equity investments provided valuable offset in active performance, as the Australian dollar rallied strongly in Q4, notably against the US dollar.

The performance of the fixed income component (after fees) over the quarter was broadly in line with market benchmark as with relative gains from Macquarie Dynamic Bond offset the relative under-performance of Ardea Diversified Bond Fund. Over the full calendar year, the active fixed income exposure remains comfortably ahead of its market benchmark after fees.

Going forward we remain broadly constructive on both growth and defensive assets supported by an environment of broadly declining interest rates while noting that there will volatility around this trend and noting increased risks from the current geopolitical environment.

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.