

# MyNorth Managed Portfolios



## INFINITE AUSTRALIAN EQUITY PORTFOLIO

Monthly Update for Month Ending December 2024

### Investment objective

To deliver outperformance of the benchmark by 4% p.a. over a rolling three-year period.

### Key information

|  |                      |
|--|----------------------|
| <b>Code</b>                            | NTH0208_01           |
| <b>Manager name</b>                    | DNR Capital          |
| <b>Inception date</b>                  | 22 December 2022     |
| <b>Benchmark</b>                       | S&P/ASX 200 TR Index |
| <b>Asset class</b>                     | Australian Equities  |
| <b>Number of underlying assets</b>     | 25                   |
| <b>Minimum investment horizon</b>      | 3-5 years            |
| <b>Portfolio income</b>                | Default - Reinvest   |
| <b>Management fees and costs</b>       | 0.68%                |
| <b>Performance fee</b>                 | 0%                   |
| <b>Estimated net transaction costs</b> | 0.07%                |
| <b>Estimated buy/sell spread</b>       | 0.00%/0.00%          |
| <b>Risk band/label</b>                 | 6/High               |
| <b>Minimum investment amount</b>       | \$25,000             |

### About the manager

#### DNR Capital

DNR Capital is an Australian investment management company that delivers client-focused, quality investment solutions to institutions, advisers and individual investors. Founded in 2001, they specialise in the delivery of individually and separately managed accounts in the Australian market and aim to deliver investment out-performance to investors. DNR Capital is a signatory to the Principles for Responsible Investment (PRI).

### Returns

as at 31 December 2024

|                           | Since inception* | 1 Month (%) | 3 Months (%) | 6 Months (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) |
|---------------------------|------------------|-------------|--------------|--------------|------------|-------------|-------------|
| Total return <sup>1</sup> | 7.74             | -3.53       | -2.42        | 4.80         | 5.43       | -           | -           |
| Income                    | 3.62             | 0.03        | 0.34         | 1.57         | 3.94       | -           | -           |
| Growth                    | 4.12             | -3.56       | -2.76        | 3.23         | 1.49       | -           | -           |
| Benchmark <sup>2</sup>    | 10.97            | -3.15       | -0.80        | 6.93         | 11.44      | -           | -           |

### Sector Allocation



as at 31/12/2024

|                        |      |
|------------------------|------|
| Cash                   | 3.9  |
| Communication Services | 12.4 |
| Consumer Discretionary | 11.6 |
| Consumer Staples       | 3.8  |
| Energy                 | 3.7  |
| Financials             | 20.1 |
| Health Care            | 10.5 |
| Industrials            | 7.2  |
| Information Technology | 4.7  |
| Materials              | 16.3 |
| Real Estate            | 5.9  |

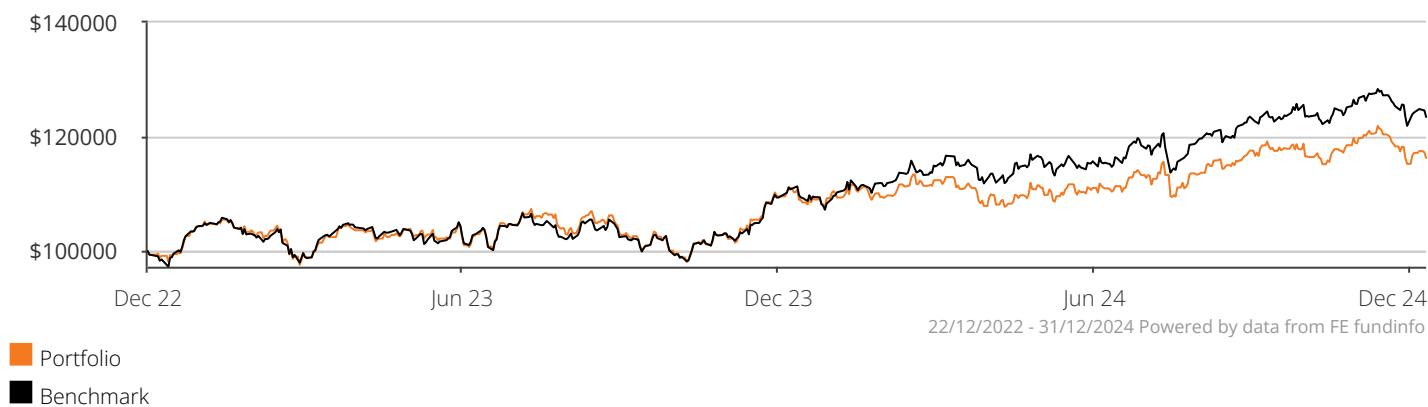
Sector allocation data sourced via Ausiex® from Australian Stock Exchange.

<sup>1</sup> 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

<sup>2</sup> The applicable Benchmark for this portfolio is shown in the Key Information section.

## Performance history

\$100,000 invested since 22/12/2022



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

| Holding  | Allocation (%) |
|--|----------------|
| Als Limited Ordinary Fully Paid                              | 3.4            |
| Aristocrat Leisure Limited Ordinary Fully Paid               | 4.3            |
| BHP Group Limited Ordinary Fully Paid                        | 7.2            |
| Block Inc. Cdi 1:1 Foreign Exempt NYSE                       | 1.8            |
| CAR Group Limited Ordinary Fully Paid                        | 2.2            |
| Cash Account   | 3.8            |
| Computershare Limited. Ordinary Fully Paid                   | 0.6            |
| CSL Limited Ordinary Fully Paid                              | 10.1           |
| Idp Education Limited Ordinary Fully Paid                    | 1.8            |
| Iress Limited Ordinary Fully Paid                            | 1.1            |
| James Hardie Industries PLC Chess Depositary Interests 1:1   | 4.6            |
| Lendlease Group Fully Paid Ordinary/Units Stapled Securities | 2.8            |
| Macquarie Group Limited Ordinary Fully Paid                  | 7.2            |
| Mineral Resources Limited Ordinary Fully Paid                | 1.0            |
| National Australia Bank Limited Ordinary Fully Paid          | 7.4            |
| QBE Insurance Group Limited Ordinary Fully Paid              | 4.0            |
| Qube Holdings Limited Ordinary Fully Paid                    | 3.2            |
| RIO Tinto Limited Ordinary Fully Paid                        | 3.7            |
| Scentre Group Fully Paid Ordinary/Units Stapled Securities   | 3.3            |
| Seek Limited Ordinary Fully Paid                             | 5.4            |
| Telstra Group Limited Ordinary Fully Paid                    | 5.3            |
| The Lottery Corporation Limited Ordinary Fully Paid          | 5.4            |
| Treasury Wine Estates Limited Ordinary Fully Paid            | 3.7            |
| Woodside Energy Group Ltd Ordinary Fully Paid                | 3.4            |
| Xero Limited Ordinary Fully Paid                             | 3.7            |

## Quarterly manager commentary

### Market Update

The market finished lower in the December quarter, with the S&P/ASX 200 Total Return Index returning -0.80% during the period.

Financials (+4.8%) was the best performing sector during the period. The sector saw strong performance through the quarter buoyed by the share price strength of US financials and supported by the release of Commonwealth Bank of Australia's (CBA +13.2%) September quarterly trading update, which was marginally better than investors' expectations.

Industrials (+2.7%) also outperformed, as Computershare (CPU +34.4%) surged following expectations of higher for longer interest rates post the US election result. This positively impacts the outlook of the investment income CPU generates. Transurban (+4.4%) also fared well with positive news flow over the period after progress on NSW Government tolling reforms.

Materials (-12.0%) was the worst performing sector, as base and precious metals were facing pressure from a stronger US dollar in light of higher

interest rates forecasts into the year ahead. An underwhelming meeting from the Chinese National People's Congress also dragged the sector, as the emphasis was more on stabilisation of the economy rather than stimulus (BHP Group (BHP) -14.0%, Fortescue (FMG) -11.8%).

A-REITS (-7.0%) also underperformed, with property exposures reacting to higher bond yields following the Federal Reserve's comments on fewer than expected rate cuts for 2025 (Scentre (SCG) -6.0%, Stockland Corporation (SGP) -6.9%). Headwinds of a softening housing market for residential exposures and disappointing updates from consumer discretionary names in the retail space added to the sell-off over the quarter.

## Portfolio Update

The portfolio delivered a return of -2.42% over the December quarter.

The portfolio's allocation to the sectors of Materials, Communication Services, and Consumer Discretionary added to performance during the quarter, while allocation to Financials, Utilities, and Industrials detracted value overall.

Stock selection within the sectors of Industrials, Information Technology, and Energy contributed the most to performance, while weaker selection within Materials, Financials, and Health Care negatively impacted performance.

Individual stocks that contributed most positively to the performance over the quarter included Aristocrat Leisure (ALL), QBE Insurance Group (QBE), and Block Inc (SQ2). Detractors to performance included Commonwealth Bank of Australia (CBA, no holding), James Hardie Industries (JHX), and SEEK (SEK).

## Portfolio changes during the quarter:

For the portfolio, we have purchased Block (SQ2) and exited ResMed (RMD).

## Market Outlook

As we prepare to close the books on 2024, global equity indices are sitting at or near all-time highs, and valuations are extended. While there have been periods of broadening out, outperformance has tended to be driven by a shrinking number of exceptional companies with exogenous drivers. We doubt the ability for the market to continue along this converging path. The dominant driving forces of growing fiscal deficits, accommodative monetary policy, proliferation of AI investment and potential stimulus out of China are forcing a break from the prevailing narrative, either to the upside via a cyclical recovery, or the downside through reflation. Given the current setup, we believe it is prudent to focus on maintaining balance in the portfolio and concentrating on finding good businesses where we see some earnings upside in a range of scenarios.

In this environment we continue to seek balance within the portfolio. While we are attuned to the favourable economic and policy backdrop for equities, we remain cognisant of left-tail risks and maintaining valuation discipline.

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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