MyNorth Managed Portfolios

LATITUDE16 BALANCED PORTFOLIO

Quarterly update for Month ending March 2024

Investment objective

To outperform the benchmark over the medium to longer term.

Key information

Code	NTH1073
Manager name	Mercer
Inception date	30 November 2020
Benchmark	Morningstar Australia Growth Target Allocation NR AUD
Asset class	Diversified
Number of underlying assets	21
Minimum investment horizon	5 years
Portfolio income	Default - Paid to Platform Cash
Management fees and costs	'0.69%
Performance fee	'0.06%
Estimated net transaction costs	'0.04%
Estimated buy/sell spread	'0.20%/0.19%
Risk band/label	5/Medium to high
Minimum investment amount	$500

About the manager

Mercer

Mercer is a multi-national investment manager, using specialised investment tools and strategies to provide robust and diversified portfolios for their clients. The team manages approximately $200 billion worldwide, with approximately $33 billion invested in Australia and New Zealand. With Australian operations commencing in 1972, Mercer's primary driver in portfolio construction is risk management - spreading investments across investment types and different risks to mitigate periods of market volatility and protecting investments from loss. Using a multi-dimensional framework, Mercer uses active management in asset classes offering the greatest opportunity for skilled investment managers to add value while using passive management to manage risk or constructing a portfolio to deliver close to market returns.

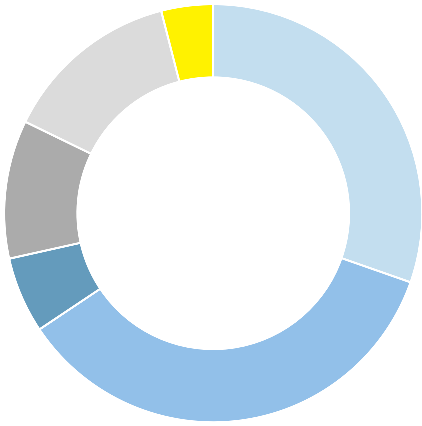
Returns

as at 31 March 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return[1]	6.25	2.65	5.43	12.17	12.65	5.63	-
Income	4.19	0.04	0.55	0.97	2.92	3.94	-
Growth	2.06	2.61	4.88	11.20	9.73	1.69	-
Benchmark[2]	7.31	2.50	5.98	13.05	14.32	7.04	-

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

Asset allocation



as at 31 March 2024

Growth assets	Allocation (%)
Australian Equities	30.4
International Equities	35.3
Property	5.9
Other	0.0
Total	**71.6%**

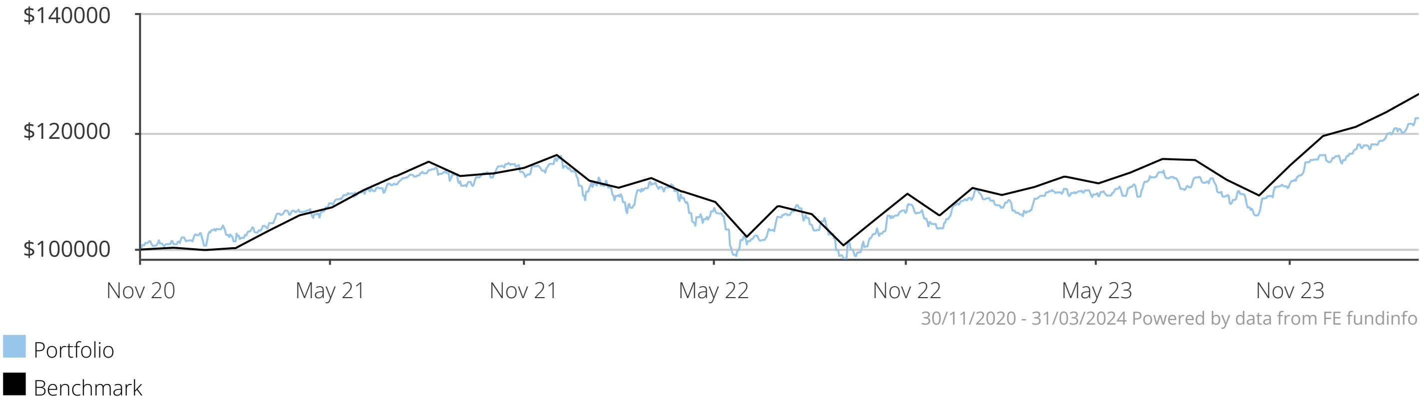
Defensive assets	Allocation (%)
Australian Fixed Interest	10.7
International Fixed Interest	13.8
Cash	4.0
Total	**28.5%**

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 30/11/2020



Managed portfolio holdings[3]

Holding	Asset class	Allocation (%)
Vanguard International Shares Index Fund (Hedged)	International Equities	11.6
AB Concentrated Australian Equities Fund	Australian Equities	9.3
Macquarie True Index Australian Fixed Interest	Australian Fixed Interest	8.0
Solaris Core Australian Equity Fund (Performance Alignment)	Australian Equities	7.2
Pendal Focus Australian Equities Fund	Australian Equities	7.0
Resolution Capital Global Property Securities Fund - Class C	Property	6.1
Pzena Global Focused Value Fund - P Class	International Equities	6.1
Bentham Professional Global Income Fund - Class C	International Fixed Interest	5.7
Lazard Global Infrastructure Fund (Hedged) - S Class	International Equities	5.3
T. Rowe Price Dynamic Global Bond	International Fixed Interest	4.8
PIMCO Global Credit Fund - Wholesale Class	International Fixed Interest	4.8
Hyperion Australian Growth Companies Fund	Australian Equities	4.1
Fairview Equity Partners Emerging Companies Fund	Australian Equities	3.0
IFP Global Franchise Fund (Wholesale)	International Equities	3.0
T.Rowe Price Global Equity - M Class	International Equities	3.0
Skerryvore Global Emerging Markets All-Cap Equity Fund - Class M	International Equities	2.5
Fairlight Global Small & Mid Cap (SMID) Fund - Class A	International Equities	2.4
Macquarie Income Opportunities No. 1 Fund - Class W	Australian Fixed Interest	2.0
Coolabah Floating-Rate High Yield Fund - Institutional Class	Australian Fixed Interest	1.6
T.Rowe Price Global Equity - M Class (Hedged)	International Equities	1.3
Cash Account	Cash	1.2

Quarterly manager commentary

Market Update

Global equity markets delivered very strong returns over the March quarter, driven by a combination of resilient economic conditions and better-than-expected US earnings reports. Once again, gains were heavily skewed towards a handful of US mega-cap companies with chip manufacturer, Nvidia, leading the way with a 90.8% gain over the quarter. Australian equity markets produced strong returns, supported by encouraging economic data releases and supportive commentary from global central banks. That said, returns lagged international markets on the back of a weaker mining sector based on falling iron ore prices.

Global government bond yields rose in the March quarter. Declining market expectations for interest rate cuts this year, as economic conditions remain more resilient, was the key driver. However, the rise in yields was not without volatility, with yields declining late quarter after the US Federal Reserve Bank (Fed) indicated it still expects interest rate cuts later this year despite the recent uptick in inflation data. Movements in Australian government bond yields were mixed, with international market developments pushing longer-term bond yields modestly higher, whilst some shorter-term bonds experienced a decline in yields driven in part by Reserve Bank of Australia (RBA) rhetoric shifting from potential interest rate hikes to a more neutral tone. This shift, combined with a fall in iron prices, also contributed to the Australian dollar (AUD) depreciating against most major currencies for the quarter. The AUD dropped 4.3% to $0.6521 against the US Dollar (USD) during the period.

Commodity prices ended the quarter mostly higher. Gold prices jumped 8.1% over the period, recording an all-time high of $2,214/oz spurred by the prospects of interest rate cuts in most developed economies. Oil prices were also higher with positive economic data and concerns regarding supply disruptions in the Middle East among the drivers. Iron ore prices meanwhile ended the quarter substantially lower (-28.0%) driven by rising inventories, ongoing woes for the Chinese property sector and government stimulus struggling to gain traction.

Portfolio Update
The portfolio delivered a return of 5.43% over the past quarter.

Australian equities enjoyed a solid March quarter, with the S&P/ASX 300 Accumulation Index returning 5.4%. Encouraging economic data releases and supportive global central bank comments around the outlook for interest rates underpinned performance. Financials (16.2%), Real Estate (16.2%) and Consumer Discretionary (13.4%) were the stronger performing sectors, whilst Materials (-5.9%), Consumer Staples (2.1%) and Utilities (3.4%) were among the poorer performers. Many of the themes that influenced the broader market were also evident in the Australian small-cap sector, which outperformed its large counterparts with the ASX Small Ordinaries index delivering 7.5% for the period.

Hyperion Australian Growth Companies Fund returned 10.1% over the quarter. Stock selection in Information Technology and Healthcare were primary drivers of relative performance over the quarter. The strategy offers investors exposure to quality Australian companies with a focus on those that have the ability to grow earnings over time. AB Concentrated Australian Equities Fund returned 3.9% over the quarter, underperforming the broader ASX benchmark. Communication Services and Real Estate sectors detracted the most from relative returns. The strategy is an actively managed, high-conviction equity portfolio of 20 stocks that seeks to generate outperformance through superior stock selection driven by the firm's proprietary fundamental research.

Global equities delivered another remarkable quarter with the MSCI World ex-Australia Index returning 10.1% in hedged terms and 14.1% in unhedged AUD terms. This momentum was driven by a series of positive economic releases, from GDP growth to labour data, which signalled global economies remain resilient. Further, with the Fed, European Central Bank (ECB) and Bank of England (BoE) each indicating rate cuts are still on the table for later in 2024, plus a solid US corporate earnings season, equities pushed higher. Emerging markets lagged developed market counterparts, returning 7.1% on an unhedged basis over the period. China's equity market remained a key drag despite rebounding during the quarter. Performance was balanced between the positive factors of lowered requirements in banking reserves, a tightening in short selling restrictions and an increase in a government-owned investment company's ability to hold exchange traded funds (ETFs), against the negative headlines around its property developer sector.

The T. Rowe Global Equity Fund outperformed its benchmark by 1.0% over the March quarter. Stock selection within Information Technology and Utilities added value during the period. This strategy applies a truly global, high-conviction, core approach and focusses on companies with durable competitive advantages. The Pzena Global Focused Value Fund delivered a 9.3% return over the March quarter, underperforming the broader MSCI ACWI Index as Growth names largely outperformed Value during the period. The portfolio maintains an underweight allocation to the US and an overweight position to Europe. A position that the manager believes presents a more attractive return and valuation environment.

The rise in government bond yields proved to be a headwind for listed real assets, with Global REITs (FTSE EPRA/NAREIT Developed, -0.1% in AUD hedged terms) marginally lower and Global Listed Infrastructure (FTSE Developed Core Infrastructure index, AUD hedged) returning a modest 2.5% for the three months to end March.

In contrast, Australian Listed Property (S&P/ASX 300 A-REIT Accumulation Index) produced a very strong 16.2% return for the quarter. Its largest constituent security, Goodman Group (GMG), was 34.0% higher as analysts lifted forecasts post GMG's raising of its full-year profit guidance based on strong growth in its data centre division. Resolution Capital Global Property Securities outperformed its benchmark over the quarter, returning 0.7%. Stock selection in the Diversified, Office and Hotel segments and an underweight position and stock selection in the Industrial segment contributed to relative performance. The strategy offers Global Listed Property exposure with broad sector holdings and many inflation-linked cashflows, as well as diversification to equity investments and investments driven by Australian economic activity.

Global government bond yields ended the quarter higher as recent economic data came in a little stronger against market estimates. This resulted in a modestly negative return (-0.3%) for global government bonds (Bloomberg Global Treasury Hedged). Market participants have lowered expectations for near-term interest rate cuts, with the market pricing in less than three cuts from the Fed as of the end of March quarter, compared to almost five cuts expected at the start of the year. Against this backdrop, credit spreads broadly contracted over the quarter aided by the more supportive economic backdrop, with the result being a modest +0.1% return from the Bloomberg Global Credit (hedged).

Australian government bond yields were more mixed, with longer-dated yields rising less than their global counterparts driven in part by the RBA's comments around future changes for interest rate softening from "a further increase in interest rates cannot be ruled out" to be one where the RBA is "not ruling anything in or out". This resulted in Australian Government Bonds (Bloomberg AusBond Treasury 0+ year) returning +0.9% for the quarter.

AB Dynamic Global Fixed Income Fund returned 1.4%. Security selection in Eurozone and US banks, particularly in the corporate investment grade space, contributed to performance. The strategy continues to generate a positive return through diversified exposures to fixed income assets, such as high yield and securitised assets in both developed and emerging markets. The Macquarie True Index Australian Fixed Interest Fund produced a positive return of 1.0% over the quarter.

Portfolio changes during the quarter:
No portfolio changes were made over the March quarter.

Market Outlook
Whilst economic conditions in Australia have remained broadly resilient of late, as can be seen in labour market data, Mercer expects growth to slow

in time. Previous supportive factors, such as population growth, (low) fixed rate mortgages and savings accrued over the Covid pandemic period, are fading and the impact of tightened monetary conditions growing in influence. Company insolvencies have also been rising led by cost pressures across the building construction sector. Inflation is also likely to slow, albeit less than other developed economies with pressures from residential rental markets, in particular, a key driver.

Globally, Mercer expects growth to remain resilient but may exhibit regional divergences. As the lingering impact of higher interest rates and tighter financial conditions take their toll in the US, economic activity is likely to marginally slow over the next few quarters. In contrast, we anticipate stronger growth for the Eurozone as manufacturing activity picks up and inflation eases. Conditions in Japan are likely to strengthen as it emerges from a prolonged period of deflation. China is also likely to experience stronger growth in part driven by supportive fiscal, monetary, and regulatory policies, as well as a recovery in the manufacturing inventory cycle and potential stabilisation in the housing sector. Stronger growth is also expected in other emerging economies with their central banks better positioned to lower interest rates having raised interest rates earlier and more aggressively this cycle than their developed economy counterparts.

From an asset class perspective, Mercer favours emerging markets over developed markets. A view based on the more promising economic prospects and attractive valuations in emerging markets.

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.