

Monthly Update for Month Ending December 2024

### Investment objective

To outperform the benchmark over a rolling five-year period.

### Key information

<b>Code</b>	NTH0214
<b>Manager name</b>	Macquarie Investment Management
<b>Inception date</b>	29 November 2021
<b>Benchmark</b>	S&P/ASX 300 TR Index excluding S&P/ASX 20 TR Index
<b>Asset class</b>	Australian Equities
<b>Number of underlying assets</b>	35
<b>Minimum investment horizon</b>	5 years
<b>Portfolio income</b>	Default - Reinvest
<b>Management fees and costs</b>	'0.63%
<b>Performance fee</b>	'0.04%
<b>Estimated net transaction costs</b>	'0.09%
<b>Estimated buy/sell spread</b>	'0.00%/0.00%
<b>Risk band/label</b>	7/Very high
<b>Minimum investment amount</b>	\$25,000

### About the manager

#### Macquarie Investment Management

Macquarie Investment Management (MIM) delivers a full-service offering across a range of asset classes to both institutional and retail clients in Australia and the US, with selective offerings in other regions. The Macquarie Systematic Investments team is responsible for the management of the Australian equity managed portfolios.

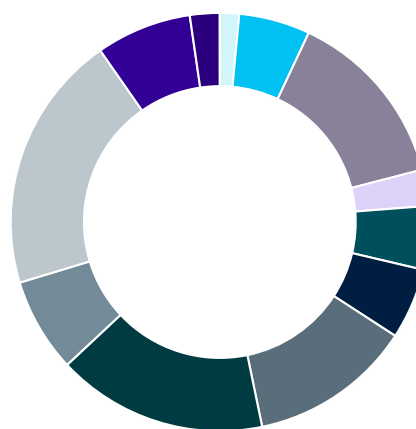
### Returns

as at 31 December 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return <sup>1</sup>	5.48	-2.08	2.16	12.31	21.91	4.42	-
Income	2.53	0.03	0.18	1.25	2.80	2.58	-
Growth	2.95	-2.11	1.98	11.06	19.11	1.84	-
Benchmark <sup>2</sup>	4.55	-3.87	-1.25	7.73	11.68	3.81	-

\* Since inception returns commence from the month end of the portfolio's launch.

### Sector Allocation



as at 31/12/2024

Cash	1.5
Communication Services	5.5
Consumer Discretionary	14.0
Consumer Staples	2.8
Energy	4.9
Financials	5.5
Health Care	12.6
Industrials	16.3
Information Technology	7.3
Materials	20.0
Real Estate	7.4
Utilities	2.3

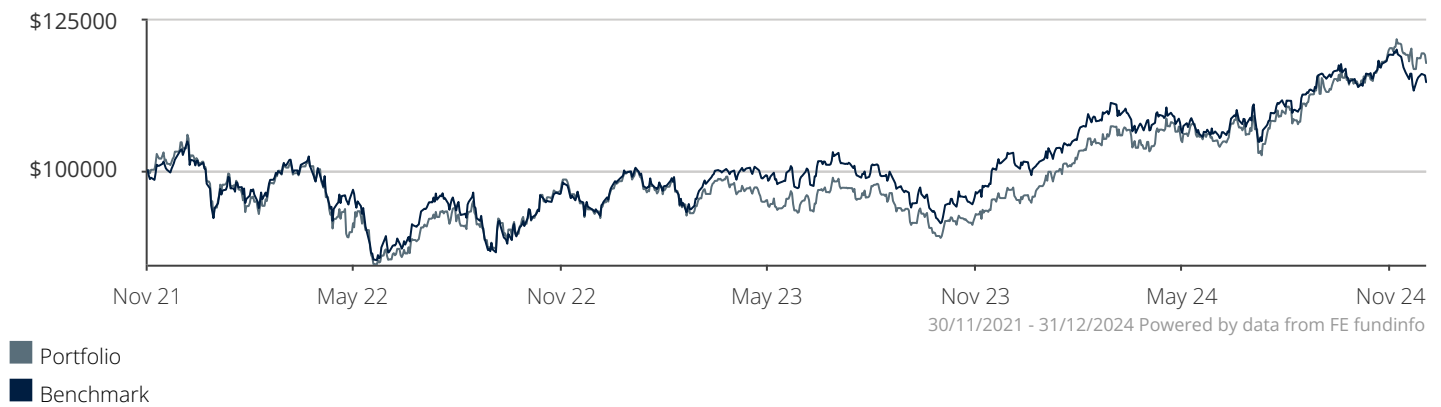
Sector allocation data sourced via Ausiex® from Australian Stock Exchange.

<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 30/11/2021



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

Holding	Allocation (%)
Abacus Group Fully Paid Ordinary/Units Stapled Securities	2.2
AGL Energy Limited. Ordinary Fully Paid	2.2
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	2.2
Aristocrat Leisure Limited Ordinary Fully Paid	3.1
Atlas Arteria Fpo Stap US Prohibited Excluding Qup	2.2
AUB Group Limited Ordinary Fully Paid	3.2
Auckland International Airport Limited Ordinary Fully Paid Foreign Exe	2.2
Bega Cheese Limited Ordinary Fully Paid	2.6
Cash Account	1.7
Charter Hall Group Stapled Securities US Prohibited	3.2
Cochlear Limited Ordinary Fully Paid	3.5
Computershare Limited. Ordinary Fully Paid	3.7
Downer Edi Limited Ordinary Fully Paid	2.2
Flight Centre Travel Group Limited Ordinary Fully Paid	2.3
JB Hi-Fi Limited Ordinary Fully Paid	3.7
Lendlease Group Fully Paid Ordinary/Units Stapled Securities	2.3
News Corporation.. Class B Voting Common Stock-Cdi 1:1	3.4
Northern Star Resources Ltd Ordinary Fully Paid	3.9
Perenti Limited Ordinary Fully Paid	3.2
Perseus Mining Limited Ordinary Fully Paid	3.4
Pro Medicus Limited Ordinary Fully Paid	5.9
Qantas Airways Limited Ordinary Fully Paid	3.3
Ramelius Resources Limited Ordinary Fully Paid	3.2
Seek Limited Ordinary Fully Paid	2.3
Service Stream Limited Ordinary Fully Paid	2.4
Telix Pharmaceuticals Limited Ordinary Fully Paid	2.7
Temple & Webster Group Ltd Ordinary Fully Paid	2.3
The Lottery Corporation Limited Ordinary Fully Paid	2.3

Holding	Allocation (%)
Vault Minerals Limited Ordinary Fully Paid	2.7
Westgold Resources Limited. Ordinary Fully Paid	2.4
Whitehaven Coal Limited Ordinary Fully Paid	2.2
Wisetech Global Limited Ordinary Fully Paid	4.4
Xero Limited Ordinary Fully Paid	3.0
Yancoal Australia Limited Ordinary Fully Paid	2.7
ZIP CO Limited.. Ordinary Fully Paid	2.1

## Quarterly manager commentary

### Market Update

Equity markets were mixed in December, with the US S&P 500 Index down -2.5% and the NASDAQ Composite edging up +0.48%. The local market was weak with the S&P/ASX 300 Accumulation Index down -3.07% whilst the S&P/ASX Small Ordinaries was also coincidentally down by the same amount. Despite December typically being a strong month for equity markets, investors were cautious in the aftermath of the US election. Fears of less market support from the US Federal Reserve in terms of lower interest rates also weighed on the market.

Although the year ended on a cautious note, 2024 delivered strong returns for equity investors with the S&P 500 delivering its second consecutive year of 20%+ returns. Returns for local equity investors were more subdued, but still robust, with the S&P/ASX300 up +11.39% in 2024 after delivering +12.13% in 2023.

US bond yields moved higher in December after hawkish commentary from the US Federal Reserve at its December meeting. Despite cutting rates by 25 basis points (as anticipated), expectations for further rate cuts in 2025 were lowered from 100 basis points to 50 basis points with commentary noting ongoing inflation concerns. The US year 10 year bond yield increased 0.30% to 4.52%. In Australia, 10 year bond yields edged higher to 4.37%, up 0.03%. At its December meeting, the RBA maintained its cash rate target but noted that the Board was gaining some confidence that inflationary pressures were easing. This was taken positively by the market that interest rate cuts were likely in 2025. The Australian dollar continued its downward trajectory.

The strong US dollar remained a headwind for most commodity prices. The gold price was weaker for the second month in a row, but this failed to take the shine off a stellar year for the precious metal, with the price ending up more than 27% higher over 2024. Copper was down -1.95% whilst nickel was down -4.10%. Iron ore continued to hold above the USD 100 mark, despite Chinese stimulus measures continuing to underwhelm. Uranium was down sharply but has regained some of its losses in early January. Lithium ended a dismal 2024 down a further -4%, taking its yearly losses to more than -20%. This followed falls of -80% in 2023. Against this backdrop, it was not surprising that share prices for lithium companies continued to struggle. Brent oil was up marginally.

Domestically, most sectors were in the red with the worst performing including REITs (-5.83%), Materials (-4.51%) and Financials (-4.14%). Higher bond yields impacted REITs with Mirvac Group (MGR, -11.11%) the worst performer. At its recent AGM in November, Mirvac's CEO noted that the office market appeared to be stabilizing and the prospects for its residential divisions were positive. Materials were weak with lithium companies bearing the brunt of ongoing weakness in lithium prices. Financials fell with HMC Capital Limited (HMC, -20.03%) impacted by the subdued performance of its much-hyped IPO of DigiCo Infrastructure REIT (DGT). A highlight was the strong performance of Insignia Financial Ltd (IFL, +13.06%) after it received an indicative takeover bid from Bain Capital. A subsequent bid from CC Capital Partners in early January further boosted the share price. Sectors that eked out positive returns in December included Consumer Staples (+0.69%), Utilities (+0.38%), Industrials (+0.24%) and Energy (+0.14%). Consumer Staples and Utilities are typically regarded as more defensive sectors. Select Harvests Limited (SHV, +15.18%) and Bega Cheese Limited (+9.28%) helped Staples. The S&P/ASX 300 fell in December with detractors including Clarity Pharmaceuticals Ltd (CU6, -34.95%), Liantown Resources Limited (LTR, -28.08%) and Vulcan Energy Resources Limited (VUL, -24.65%). Underperforming large-cap names included Bluescope Steel Limited (BSL, -15.54%) and Seek Limited (SEK, -13.59%).

Clarity Pharmaceuticals fell almost 35% in December as investors took profits. Despite the falls in December, Clarity Pharmaceuticals was still one of the best performing stocks in the S&P/ASX300 in 2024, delivering returns of 120%. The radio-pharmaceutical company was added to the S&P/ASX200 benchmark in the December rebalance on the back of its strong share price gains. Liantown Resources continued to underperform despite positive signs that production was ramping up at its newly opened mine. In November the company announced plans to target high grade ore in response to low lithium prices with further expansion plans put on hold. Vulcan Energy, a European-based renewable energy and lithium producer, fell after a capital raising of \$164m.

Positive performance was delivered by Mesoblast Limited (MSB, +75.14%), Brainchip Holdings Ltd (BRN, +52.94%) and Patriot Battery Metals Inc (+47.27%). Large-cap names that outperformed included Transurban Group (TCL, +7.11%) and Computershare Limited (CPU, +6.46%).

Mesoblast rewarded long-suffering shareholders with positive news that the FDA had approved its Ryoncil stem therapy treatment. Brainchip announced that it had licensed its digital chip technology to Frontgrade Gaisier. Frontgrade Gaisier is a provider of microprocessors for space applications. Patriot Battery Metals reported that it had entered into a strategic partnership and offtake agreement with Volkswagen and PowerCo for its lithium output.

From a style perspective, Momentum had a strong year, with sustained performance across a number of key themes including a market preference for banks versus resources, IT stocks and high-quality growth stocks. High quality large-cap companies with positive momentum that outperformed over 2024 included Pro Medicus Limited (PME, +161.42%), Technology One Limited (TNE, +105.17%), HUB24 Ltd (HUB, 94.44%), Aristocrat Leisure Limited (ALL, +69.38%) and Commonwealth Bank of Australia (CBA, +41.23%). These were large moves for well-established companies and contributed to Momentum's strong showing. Profitability and Value factors also delivered positive performance in 2024.

### **Portfolio Update**

The portfolio delivered a return of 1.48% over the December quarter.

The key contributors to relative performance included overweight positions in Perenti (PRN), Bega Cheese (BGA) and Temple & Webster (TPW). Mining services company Perenti announced that it had secured \$185m of new work at a WA-based gold mine.

Key detractors from relative performance included overweight positions in Northern Star Resources (NST), Lendlease (LLC) and Webjet (WEB). Northern Star Resources entered a binding Scheme Implementation Deed to acquire WA-based gold miner De Grey Mining (DEG) via a scrip-based arrangement. A weaker gold price also dragged on the gold sector.

### **Market Outlook**

We believe the Australian equity market is placed to deliver moderate returns over the next 12 months. As market volatility persists, driven by both external geopolitical pressures and domestic factors, systematic strategies that capitalise on market inefficiencies will be wellpositioned to navigate the challenges ahead.

<sup>3</sup> 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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