

Monthly Update for Month Ending March 2025

Investment objective

To deliver outperformance and deliver higher levels of income relative to the benchmark over a rolling three-year period.

Key information

Code	NTH0209
Manager name	DNR Capital
Inception date	29 November 2021
Benchmark	S&P/ASX 200 Industrials TR Index
Asset class	Australian Equities
Number of underlying assets	23
Minimum investment horizon	3-5 years
Portfolio income	Default - Reinvest
Management fees and costs	0.83%
Performance fee	0%
Estimated net transaction costs	0.09%
Estimated buy/sell spread	0.00%/0.00%
Risk band/label	6/High
Minimum investment amount	\$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).

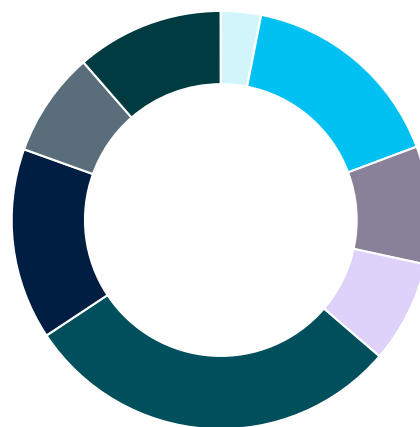
Returns

as at 31 March 2025

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return ¹	2.73	-3.16	-4.34	-7.27	-4.73	1.12	-
Income	3.89	0.61	1.25	1.60	3.32	3.83	-
Growth	-1.16	-3.77	-5.59	-8.87	-8.05	-2.71	-
Benchmark ²	6.57	-4.36	-3.70	-1.50	6.72	7.60	-

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

Sector Allocation



as at 31/03/2025

Cash	3.1
Communication Services	16.2
Consumer Discretionary	9.1
Consumer Staples	7.9
Financials	29.4
Health Care	14.8
Industrials	8.1
Real Estate	11.4

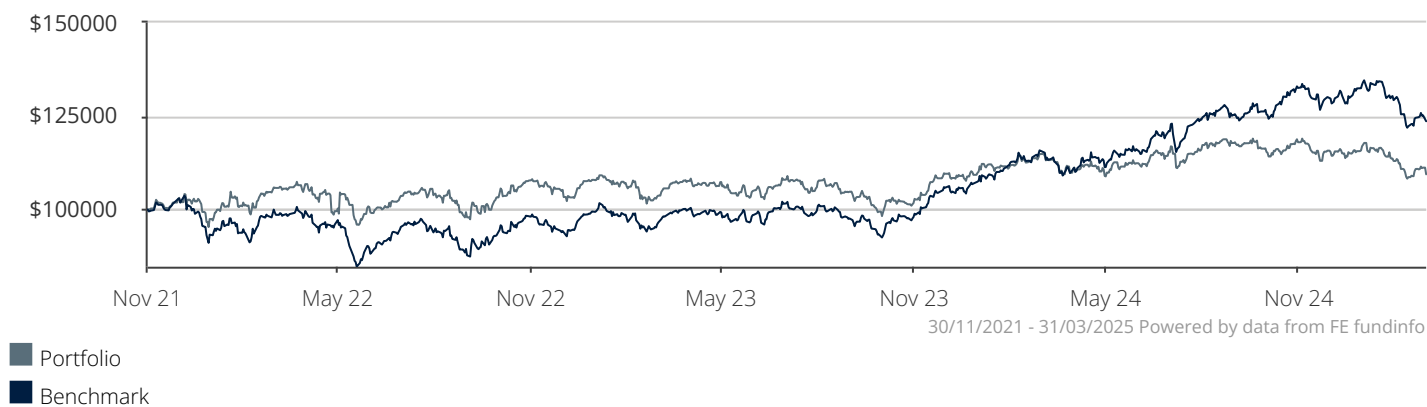
Sector allocation data sourced via Ausiex® from Australian Stock Exchange.

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 30/11/2021



Managed portfolio holdings³

Holding	Allocation (%)
ANZ Group Holdings Limited Ordinary Fully Paid	4.4
CAR Group Limited Ordinary Fully Paid	3.8
Cash Account	3.1
Cochlear Limited Ordinary Fully Paid	3.2
CSL Limited Ordinary Fully Paid	11.8
Dexus Fully Paid Units Stapled Securities	3.6
Domino's Pizza Enterprises Limited Ordinary Fully Paid	2.4
Lendlease Group Fully Paid Ordinary/Units Stapled Securities	3.2
Macquarie Group Limited Ordinary Fully Paid	8.3
National Australia Bank Limited Ordinary Fully Paid	7.7
QBE Insurance Group Limited Ordinary Fully Paid	4.0
Qube Holdings Limited Ordinary Fully Paid	2.4
Scentre Group Fully Paid Ordinary/Units Stapled Securities	4.7
Seek Limited Ordinary Fully Paid	5.4
Steadfast Group Limited Ordinary Fully Paid	3.5
Suncorp Group Limited Ordinary Fully Paid	1.3
Telstra Group Limited Ordinary Fully Paid	6.0
The Lottery Corporation Limited Ordinary Fully Paid	5.4
TPG Telecom Limited. Ordinary Fully Paid	1.3
Transurban Group Fully Paid Ordinary/Units Stapled Securities	5.4
Treasury Wine Estates Limited Ordinary Fully Paid	2.9
Wesfarmers Limited Ordinary Fully Paid	1.5
Woolworths Group Limited Ordinary Fully Paid	4.9

Quarterly manager commentary

Market Update

The market finished lower in the March quarter, with the S&P/ASX 200 Industrials Total Return Index returning -3.70% during the period.

Industrials (+1.5%) was the best performing sector during the period, with the more defensive infrastructure names benefitting from the risk off sentiment throughout the quarter (TCL +0.1%). Positive half yearly results also buoyed the sector higher, with Computershare rallying on the back of higher for longer rates and strong performance across its various business segments (CPU +16.6%).

Utilities (+0.3%) also outperformed, as the sector was seen as somewhat of a safe haven in the broader market sell off. Reporting season was also a contributor, as results saw a rebounding from downgrades last quarter with solid updates across the board. APA (APA +13.3%) demonstrated capital discipline and a positive dividend outlook, as well as Origin producing strong Energy Market numbers (ORG -0.6%).

Information Technology (-17.6%) was the worst performing sector, following a general risk-off trade alongside US markets, as well as governance issues surrounding the biggest sector weighting Wisetech (WTC -32.8%). More broadly, the market pullback was focusing in on some of the momentum names whose valuations had become stretched (TNE -11.1%, NXT -25.0%).

Health Care (-9.7%) also underperformed, with the market selling off expensive names in the sector, as well negative sentiment coming in around CSL

which traded lower after a soft update on their vaccine business (CSL -10.7%). Momentum unwinding also hurt the sector, with high multiple names like Pro Medicus (PME -20.0%) seeing a valuation reset.

Portfolio Update

The portfolio underperformed the S&P ASX200 Industrials Total Return benchmark during the March quarter.

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

Stock selection within the sectors of Real Estate and Utilities contributed the most to performance, while weaker selection within Materials, Consumer Discretionary, and Consumer Staples negatively impacted performance.

Individual stocks that contributed most positively to the performance over the quarter included Goodman Group (GMG, no holding), Telstra Group (TLS), and QBE Insurance Group (QBE). Detractors to performance included Commonwealth Bank of Australia (CBA, no holding), Domino's Pizza Enterprises (DMP), and CAR Group (CAR).

Portfolio changes during the quarter:

For the portfolio, we have purchased Car Group (CAR), Cochlear (COH), and Domino's Pizza Enterprises (DMP). We have exited positions in IPH Ltd (IPH) and Origin Energy (ORG).

Market Outlook

The arrival of 'Liberation Day' accelerated the market sell-off, as investors rushed to price in the impact of Trump's escalating trade war and the resultant influence it will have on the global economy. The US' sweeping reciprocal tariffs on imported goods across all trading partners amounts to an aggressive ~25% impost in aggregate, with the mechanism for calculating tariffs tied to the US trade deficit with its partners, as opposed to any linkage with actual trade barriers in place. The intent of the tariffs is to level the balance of trade, raise revenue to fund tax cuts, encourage companies to invest in domestic operations and force other major world economies to the negotiating table in a bid to improve upon the pre-tariff status quo. Ultimately this is a human made crisis. The market will look to price in the combination of slower growth and at least temporarily elevated inflation, a stagflationary mix that is the worst-case scenario for markets. This is likely to be a difficult period for investors who have enjoyed several stellar years of gains following COVID-19. However, the policies that have been put in place have scope for further negotiation and revision and reserve banks may be in a position to cut interest rates further. As always, investors need to think longer term when investing in equities.

Periods like this come with mixed emotions for DNR Capital as an active investment manager. We fully appreciate that uncertainty is unsettling for investors, however such periods offer active managers a unique opportunity to invest in high-quality businesses at compelling prices, often laying the foundations for strong future active returns. It is too early to understand where markets go from here, we have seen a meaningful contraction in multiples from elevated levels, but the implementation of these barriers and withdrawal from free trade will have an economic impact and the resultant uncertainty around policy has a suffocating effect on business and investment. We can only be guided by our fundamental philosophy, to focus on the bottom up, capitalise on volatility and invest in quality companies at increasingly attractive valuations.

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.

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