

MyNorth Managed Portfolios



HORIZON 100% DEFENSIVE PORTFOLIO

Monthly Update for Month Ending March 2025

Investment objective

Aims to deliver return outperformance against the benchmark over the medium to longer term.

Key information

Code	NTH0259
Manager name	Mercer
Inception date	31 May 2022
Benchmark	RBA Cash Rate
Asset class	Diversified
Number of underlying assets	8
Minimum investment horizon	1 year
Portfolio income	Default - Paid to Platform Cash
Management fees and costs	'0.49%
Performance fee	'0%
Estimated net transaction costs	'0.07%
Estimated buy/sell spread	'0.07%/0.09%
Risk band/label	2/Low
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.

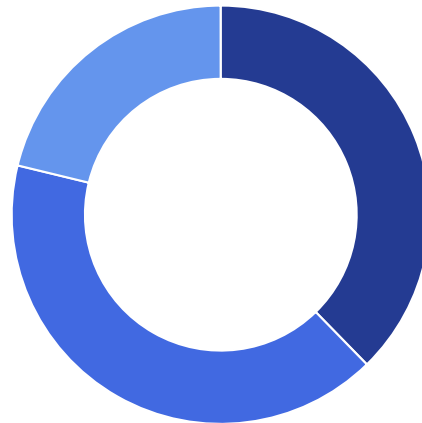
Returns

as at 30 June 2025

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return ¹	3.73	-	1.18	2.56	5.28	4.08	-
Income	3.08	-	0.79	1.69	3.45	3.18	-
Growth	0.65	-	0.39	0.87	1.83	0.90	-
Benchmark ²	3.68	-	0.68	1.73	3.98	3.77	-

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

Asset allocation



as at 31 May 2025

Growth assets	Allocation (%)
Australian Equities	0.0
International Equities	0.0
Property	0.0
Other	0.0
Total	0.0%
Defensive assets	Allocation (%)
Australian Fixed Interest	37.7
International Fixed Interest	41.1
Cash	21.2
Total	100.0%

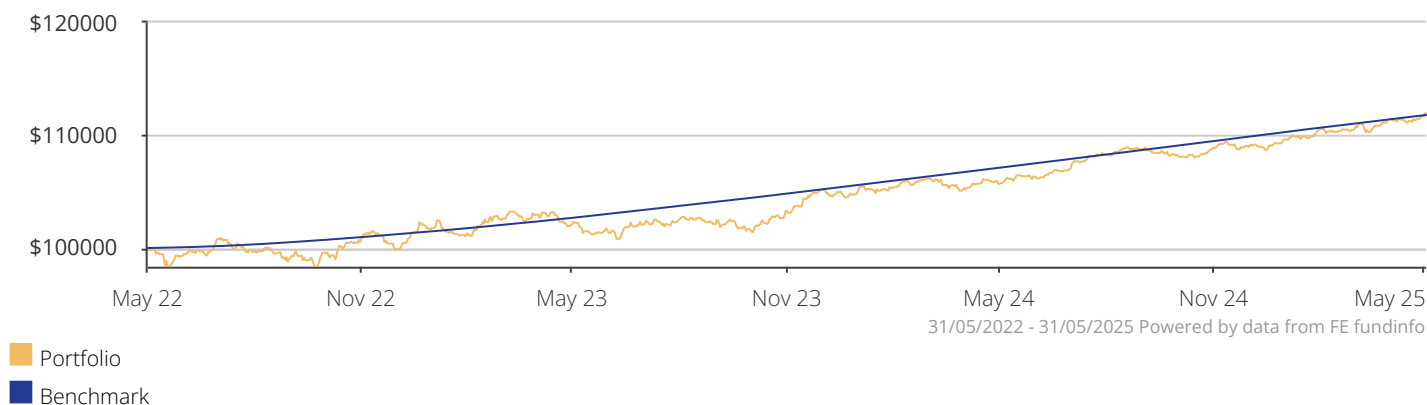
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 31/05/2022



Managed portfolio holdings³

Holding	Asset class	Allocation (%)
Macquarie True Index Australian Fixed Interest	Australian Fixed Interest	31.5
AB Dynamic Global Fixed Income Fund	International Fixed Interest	20.5
Macquarie Cash	Cash	16.0
Coolabah Floating-Rate High Yield Fund - Institutional Class	Australian Fixed Interest	10.1
CT Global Corporate Bond Fund	International Fixed Interest	9.0
T. Rowe Price Dynamic Global Bond	International Fixed Interest	6.8
Colchester Global Government Bond Fund - Class R	International Fixed Interest	4.9
Cash Account	Cash	1.2

Quarterly manager commentary

Market Update

In early January, President Trump imposed tariffs on the US's three largest trading partners: Canada, Mexico and China. This was expanded over the quarter to include steel, aluminium, auto and auto parts. Reciprocal tariffs, designed to match the import duties placed on US goods and services by other nations were announced in early April.

The US Federal Reserve (Fed) left interest rates unchanged at 4.25-4.5% for the quarter. Following the latest Fed meeting, Governor Powell noted that while short-term consumer inflation expectations had risen due to tariffs and uncertainty, he did not see any long-term shift in expectations based on market-based measures. The US unemployment rate remains steady at 4.1% over the quarter.

Australian Q4'24 CPI showed an increase of 2.4% year-on-year, broadly in line with market expectations and within the RBA's inflation target of 2-3%. This softening in inflation allowed the RBA to cut the cash rate by 0.25% to 4.10% in February, marking the first rate cut since 2020. However, the RBA cautioned against expecting further easing as the labour market conditions remain relatively tight, evidenced by limited labour supply and stagnant productivity growth. It further warned that easing monetary policy too much too soon could stall progress on reducing inflation.

International shares saw negative returns over the quarter, as US tariff concerns rattled investor confidence. US technology shares fell significantly, as the Mag 7 shares (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA and Tesla) underperformed the broader market. Interestingly, the shares that underperformed are not those most exposed to tariffs, but rather those broadly seen as the most overvalued shares in the US share market.

Gold surged 18.2% over the quarter to a new high of US\$3,122 at the end of March, driven by increased investor demand for the safe-haven asset amid rising trade rhetorics. Copper also rose significantly, as the threat of tariffs led to a rush of orders to avoid price increases.

Portfolio Update

The portfolio delivered a return of 1.36% over the March quarter.

Global sovereign bonds were up 0.7% in Q1'25. US 10-year government bond yields fell 40bps over the quarter. Government bonds in the EU experienced a significant rise in yields over the quarter, especially after the announcement of Germany's new fiscal spending package. Australian sovereign bonds were up 1.2%, as Australian bond yields were largely flat.

The AB Dynamic Global Fixed Income Fund outperformed its benchmark over the quarter, returning 1.4%. Exposure to investment grade corporate bonds was a strong contributor to performance. The fund provides diversified exposures to growth fixed income assets, such as high yield and securitized assets in both developed and emerging markets. Coolabah Floating Rate Note Fund outperformed its benchmark over the quarter,

returning 1.2%. The manager focuses on generating higher income rather than traditional fixed income instruments, investing in a portfolio of investment-grade, Australian floating-rate notes with enhanced yields.

Portfolio changes during the quarter:

No portfolio changes were made over the quarter.

Market Outlook

Central banks around the world are likely to continue to cut rates as inflation moderates, with cuts expected at a slower pace. The exception is Japan, where we expect interest rates to rise as it emerges from a multi-decade deflation period.

Continued introduction of new tariffs will likely negatively impact business and consumer confidence. The longer this continues, the greater the implications are for economic growth.

Increased spending by European governments on infrastructure and defence ends the period of fiscal austerity that began during the financial crisis. This is likely to support European economic growth in the near term, while lifting the supply capacity in the longer term.

In Australia, while the RBA delivered a cut at its February meeting, the labour market likely remains stronger than the RBA would be comfortable with. Therefore, we do not expect the RBA to rush into further rate cuts.

Market expectations are for a further three interest rate cuts in 2025, which will likely depend on sustained signs of loosening labour market conditions and/or weakening wage growth. While unemployment remains low, both wage growth and job vacancies continue to fall, which suggests we should see the labour market begin to soften and a modest rise in unemployment in 2025. We continue to expect growth to remain weak, as higher interest rates and cost-of-living pressures are likely to keep consumption suppressed. Geo-political concerns are likely to make businesses cautious about investing.

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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