MyNorth Managed Portfolios

HORIZON 100% DEFENSIVE PORTFOLIO

Monthly Update for Month Ending December 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	'0.48%
Performance fee	'0.00%
Estimated Transaction Costs	'0.07%
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.

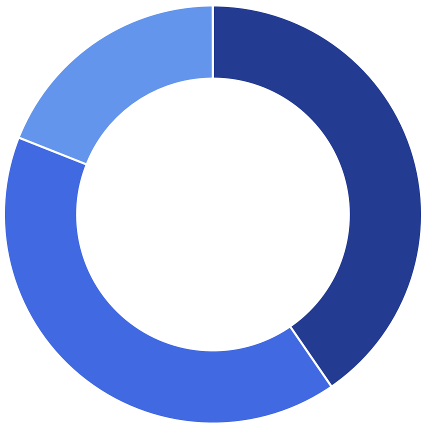
Returns

as at 31 December 2025

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return[1]	3.80	-0.05	0.08	1.36	4.58	4.60	-
Income	3.44	0.03	0.81	2.60	4.38	3.38	-
Growth	0.36	-0.08	-0.73	-1.24	0.20	1.22	-
Benchmark[2]	3.78	0.31	0.91	1.86	3.95	4.11	-

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

Asset allocation



as at 31 December 2025

Growth assets	Allocation (%)
Australian Equities	0.0
International Equities	0.0
Property	0.0
Other	0.0
Total	**0.0%**

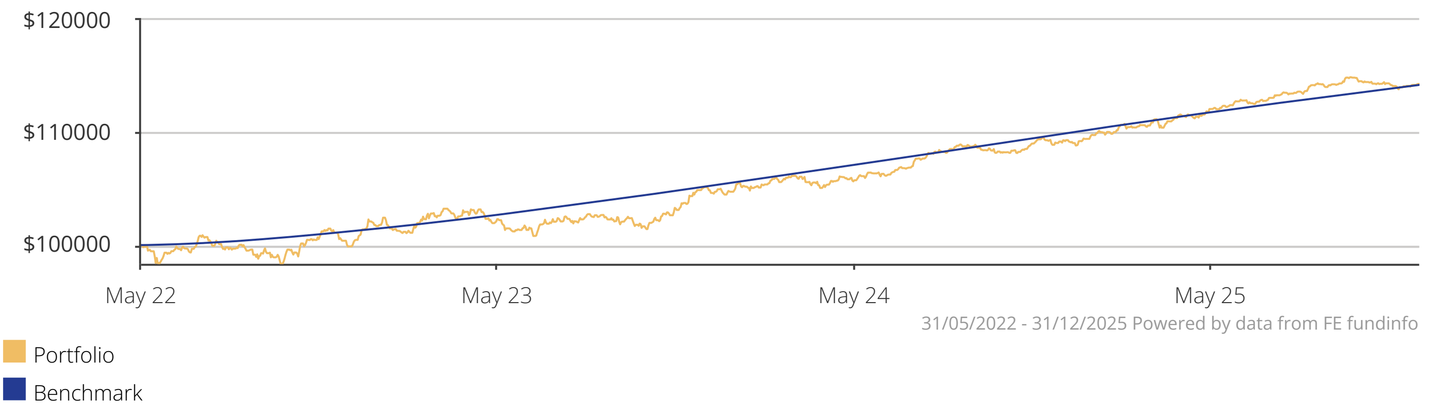
Defensive assets	Allocation (%)
Australian Fixed Interest	40.4
International Fixed Interest	40.6
Cash	19.0
Total	**100.0%**

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 holdings[3]

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 Q4 2025, global equities rose, helped by AI enthusiasm, monetary policy easing and fiscal stimulus measures, while trade tensions eased as the year progressed. 2025 was a strong year for risk assets as markets shrugged off tariff concerns with focus shifting towards positive earnings growth momentum particularly from large cap US equities. Global government bonds showed mixed trends across economies and maturities. In the US, the yield curve steepened, with 2-10-year spread widening over Q4. Progress on disinflation and continued gradual weakness in the US labour market led the Fed to cut interest rates in December with markets pricing more rate cuts to come. Commodity prices rose over Q4, led by metals. Silver and gold rallied, up 51% and 12%, respectively. Silver outperformed gold due to strong industrial demand and supply shortages. Gold remained favored as a safe haven and appears to be driven by strong retail demand. Copper saw the largest gains among industrial metals, driven by strong expected demand from the AI datacentre build out.

In Australia, the Reserve Bank of Australia (RBA) held rates steady at 3.6% at their December meeting, in line with market expectations. Although market expectations have recently shifted toward rate hikes in 2026, our view is that the RBA is unlikely to pivot that quickly. It is more likely that the RBA will remain on hold into 2026. Australian shares fell -0.9% over the quarter, as stronger than expected labour market data and higher inflation both suggested that future interest rate cuts in Australia may not eventuate. The materials sector was the best performing sector over the quarter, higher by 12.9% driven by higher commodity prices, followed by the energy sector, which increased marginally, by 0.9%

Portfolio Update

Australian shares fell -0.9% over the quarter, as stronger than expected labour market data and higher inflation both suggested that future interest rate cuts in Australia may not eventuate. The materials sector was the best performing sector over the quarter, higher by 12.9% driven by higher commodity prices, followed by the energy sector, which increased marginally, by 0.9%.

International shares (hedged) rose 3.5% over the quarter, supported by a strong US Q3'25 earnings season and Fed rate cuts. Healthcare was the best performing sector over the quarter, up 10.8%, as pharmaceuticals performed strongly following solid earnings reports. This was followed by the materials sector, which rose 5.2%, as metal prices moved higher over the quarter. The consumer discretionary sector was the worst performing sector for the quarter but still saw gains, up 1.4%.

International listed infrastructure was higher, up 0.8%; while international listed property was flat.

Australian government bonds were down -1.3% over the quarter. Australian 10-year government bond yields rose by 44bps over the quarter, as markets priced in interest rate hikes in 2026 following stronger labour market data and higher inflation. International government bonds were up 0.5% over the quarter.

The AB Dynamic Global Fixed Income Fund underperformed its benchmark over the quarter, returning 0.8%. The underperformance was largely due to negative contributions from country positioning in Australia, the Eurozone, and Canada. The fund provides diversified exposures to growth fixed income assets, such as high yield and securitised assets in both developed and emerging markets.

Coolabah Floating Rate Note Fund outperformed its benchmark over the quarter, returning 1.1%. The manager focusses 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.

Market Outlook
We expect the international economy to stay fairly strong going into 2026. US consumer spending should remain solid; helped by steady income growth, strong share markets, and generally healthy household finances. Outside the US, we see a small pickup in growth. Emerging Markets and Japan are expected to keep performing well. China's growth will likely stay below its potential because of ongoing weakness in the property sector. The Fed is likely to cut rates further, but probably not as much as markets expect. The Bank of Japan is expected to keep raising rates, while the Bank of England will likely start easing policy as inflation moves closer to its target. Australian economic growth is likely to pick up in 2026; driven by recent RBA interest rate cuts, improving consumer confidence, and solid income growth. Although market expectations have recently shifted toward rate hikes in 2026, our view is that the RBA is unlikely to pivot that quickly. It is more likely that the RBA will remain on hold into 2026, taking a data dependent approach and assessing each new inflation and employment release. Nonetheless, mounting evidence suggests that most of the easing cycle is already behind us. Headline inflation will continue to rise in 2026 as government energy rebates expired in December, although this should be a short-term impact that the RBA should not be concerned about. Finally, the situation in Venezuela is not expected to impact international markets significantly. Typically, heightened geopolitical risks increase investor concerns and push oil prices higher. However, Venezuela's oil output has declined as its infrastructure has deteriorated, despite the country holding the world's largest oil reserves. If output is restored and increased, higher supply could instead put downward pressure on oil prices.

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.