

Monthly Update for Month Ending September 2024

### Investment objective

To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth-oriented assets. The portfolio aims to outperform the benchmark over the long term.

### Key information

<b>Code</b>	NTH0284
<b>Manager name</b>	Russell Investment Management
<b>Inception date</b>	05 August 2022
<b>Benchmark</b>	Morningstar Australia Balanced Target Allocation NR AUD
<b>Asset class</b>	Diversified
<b>Number of underlying assets</b>	52
<b>Minimum investment horizon</b>	4 years
<b>Portfolio income</b>	Default - Paid to Platform Cash
<b>Management fees and costs</b>	'0.71%
<b>Performance fee</b>	'0.01%
<b>Estimated net transaction costs</b>	'0.05%
<b>Estimated buy/sell spread</b>	'0.06%/0.06%
<b>Risk band/label</b>	4/Medium
<b>Minimum investment amount</b>	\$25,000

### About the manager

#### Russell Investment Management

With more than 80 years of experience, Russell Investments is a global investment solutions provider, dedicated to helping investors reach their long-term goals. Russell Investments offers investment solutions in 32 countries. Russell Investments specialises in multi-asset solutions and investment and implementation services with a goal of delivering the best investment strategies, managers and asset classes to its clients around the world. Headquartered in Seattle, Washington, Russell Investments operates globally with 20 offices.

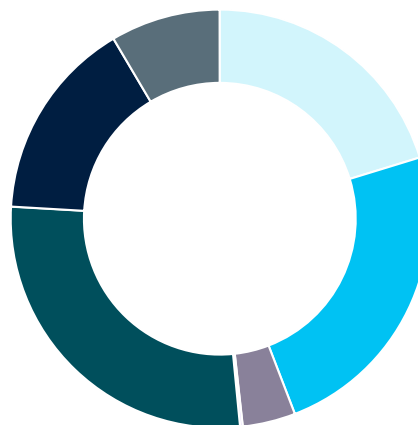
### Returns

as at 30 September 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return <sup>1</sup>	9.31	1.29	4.48	4.29	14.65	-	-
Income	2.97	0.13	1.15	1.72	3.32	-	-
Growth	6.34	1.16	3.33	2.57	11.33	-	-
Benchmark <sup>2</sup>	8.99	1.18	4.62	4.28	15.29	-	-

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

### Asset allocation



as at 30 September 2024

Growth assets		Allocation (%)
Australian Equities		20.3
International Equities		23.9
Property		4.1
Other		0.2
<b>Total</b>		<b>48.5%</b>
Defensive assets		Allocation (%)
Australian Fixed Interest		27.5
International Fixed Interest		15.6
Cash		8.5
<b>Total</b>		<b>51.6%</b>

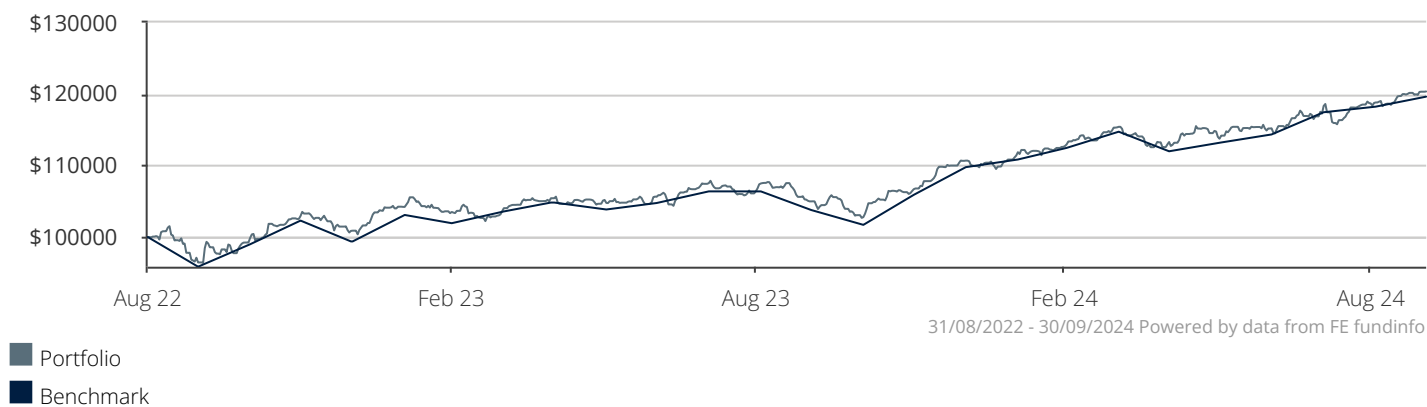
Asset allocation data sourced via Morningstar® from the underlying fund manager.

<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 31/08/2022



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

Holding	Asset class	Allocation (%)
Russell Investments Multi-Asset Income Strategy Fund - Class A	Other	35.0
Russell Investments Australian Government Bond Etf Russell Investments	Australian Fixed Interest	8.0
Vanguard Global Aggregate Bond Index (Hedged) Etf Vanguard Global Aggr	International Fixed Interest	7.7
Vanguard All-World Ex-Us Shares Index Etf Vanguard All-World Ex-Us Sha	International Equities	6.2
Vanguard US Total Market Shares Index Etf Vanguard US Total Market Sha	International Equities	6.0
Ishares Core Cash Etf Ishares Core Cash Etf	Cash	4.4
Vanguard Msci Australian Small Companies Index Etf Vanguard Msci Austr	Australian Equities	2.5
Vanguard International Property Securities Index Fund (Hedged)	Property	2.5
Vanguard Msci Index International Shares (Hedged) Etf Vanguard Msci In	International Equities	2.4
Russell Investments Australian Select Corporate Bond Etf Russell Inves	Australian Fixed Interest	1.9
Vanguard Global Value Equity Active Etf (Managed Fund) Vanguard Glb Va	International Equities	1.7
BHP Group Limited Ordinary Fully Paid	Australian Equities	1.5
Vanguard Ftse Emerging Markets Shares Etf Vanguard Ftse Emerging Marke	International Equities	1.5
Cash Account	Cash	1.3
Commonwealth Bank Of Australia Ordinary Fully Paid	Australian Equities	1.2
Ishares S&P Small-Cap Etf Ishares S&P Small-Cap Etf	International Equities	1.1
CSL Limited Ordinary Fully Paid	Australian Equities	1.1
Vanguard Australian Property Securities Index Etf Vanguard Australian	Property	1.0
Vanguard Global Infrastructure Index Fund (Hedged)	International Equities	1.0
Vanguard Australian Shares Index Etf Vanguard Australian Shares Index	Australian Equities	1.0
Ishares J.P. Morgan Usd Emerging Markets (Aud Hedged) Etf Ishares J.P.	International Fixed Interest	0.9
National Australia Bank Limited Ordinary Fully Paid	Australian Equities	0.8
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	0.7
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	0.7
Wesfarmers Limited Ordinary Fully Paid	Australian Equities	0.6
Macquarie Group Limited Ordinary Fully Paid	Australian Equities	0.5
Transurban Group Fully Paid Ordinary/Units Stapled Securities	Australian Equities	0.5
QBE Insurance Group Limited Ordinary Fully Paid	Australian Equities	0.5

Holding	Asset class	Allocation (%)
RIO Tinto Limited Ordinary Fully Paid	Australian Equities	0.5
Telstra Group Limited Ordinary Fully Paid	Australian Equities	0.4
Goodman Group Fully Paid Ordinary/Units Stapled Securities	Property	0.4
Woodside Energy Group Ltd Ordinary Fully Paid	Australian Equities	0.4
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	0.3
Seven Group Holdings Limited Ordinary Fully Paid	Australian Equities	0.3
Fortescue Ltd Ordinary Fully Paid	Australian Equities	0.3
Metcash Limited Ordinary Fully Paid	Australian Equities	0.3
Wisetech Global Limited Ordinary Fully Paid	Australian Equities	0.3
Woolworths Group Limited Ordinary Fully Paid	Australian Equities	0.3
Bendigo And Adelaide Bank Limited Ordinary Fully Paid	Australian Equities	0.3
Fisher & Paykel Healthcare Corporation Limited Ordinary Fully Paid For	Australian Equities	0.3
Aristocrat Leisure Limited Ordinary Fully Paid	Australian Equities	0.3
Origin Energy Limited Ordinary Fully Paid	Australian Equities	0.2
Suncorp Group Limited Ordinary Fully Paid	Australian Equities	0.2
JB Hi-Fi Limited Ordinary Fully Paid	Australian Equities	0.2
Santos Limited Ordinary Fully Paid	Australian Equities	0.2
Medibank Private Limited Ordinary Fully Paid	Australian Equities	0.2
Newmont Corporation Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.2
Pro Medicus Limited Ordinary Fully Paid	Australian Equities	0.2

## Quarterly manager commentary

### Market Update

Global share markets made good gains in the September quarter. Much of the gains continued to be driven by central bank activity; notably in the US, where the Federal Reserve (Fed) lowered its benchmark fed funds rate by 0.50% to a target range of between 4.75% and 5.00%. Whilst the rate cut itself had been widely anticipated, the size of the move had been the subject of much debate in the lead up to the meeting as the Bank's focus shifted from taming inflation to protecting the labour market and the country's economic expansion. Speaking after the meeting, Chairman Jerome Powell said the decision to cut rates by 0.50% didn't imply that the inflation fight was over, but rather that officials had growing confidence it was time for a recalibration of the Bank's policy stance. He also noted that the larger-than-normal move shouldn't be interpreted as the beginning of a more aggressive rate cutting cycle. Regardless, the bigger move added to optimism the US economy can achieve a 'soft landing', whereby the Fed tames inflation without triggering an economic downturn. The Australian share market performed well over the period, helped by a positive lead from its global peers, a series of mostly positive earnings results and strong gains across the 'Big Four' banks and major miners, which together comprise a large part of the index.

Both global and domestic bonds recorded good gains for the quarter.

### Portfolio Update

The portfolio delivered a return of 4.48% over the June quarter. Our global equity exposure and the direct Australian equity portfolio delivered positive absolute and excess returns over the period. Similarly, both the Russell Investments International Bond Fund – \$A Hedged and the Russell Investments Australian Bond Fund recorded positive absolute and benchmark-relative performance for the quarter. Australian private credit manager Metrics Credit and the Russell Investments Australian Floating Rate Fund also performed well.

### Portfolio changes during the quarter:

In July, we reduced the portfolio's allocation to Australian real estate investment trusts (A-REITs) in favour of global real estate investment trusts (G-REITs). G-REITs have not only underperformed A-REITs but also the broader global equity market. As a result, we believe G-REITs offer better value. G-REITs also provide greater diversification benefits, with the global listed property market comprising more than 300 constituents compared to just 33 in Australia.

We also increased the portfolio's allocations to global and Australian fixed income, which we expect to outperform cash as government bond yields fall in response to central bank interest rate cuts.

In August, we added the Russell Investments Private Assets Fund (PAF) to the dynamic real return core of the managed portfolio, called the Russell investments Multi-Asset Income Fund. Adding PAF provides exposure to high-quality private property and infrastructure assets via best-in-class active managers.

Overall, the managed portfolio is aligned with its long-term asset allocation as we wait patiently for opportunities.

### Market Outlook

Over the past 12 to 24 months, markets have faced significant challenges, driven largely by elevated inflation and major geopolitical events. Central

banks responded by aggressively raising interest rates, which led to a substantial rise in market volatility. Despite these hurdles, the US economy has demonstrated remarkable resilience, with markets pricing in a 'soft landing' as inflationary pressures have eased and unemployment has remained low. As inflation continues to decline and job market pressures ease, the primary driver of market volatility may shift from inflation to growth. While the US labour market remains a key watchpoint, there is a risk that weakening job conditions could impact consumer spending, leading to slower economic activity.

Looking ahead, we expect higher levels of volatility to continue, with active management to play an important role in navigating through it. We expect to increase growth asset exposure on major market reversals and decrease growth asset exposure on market rallies. This is a very important time to remain flexible as there are competing forces related to inflation and growth.

We retain the same themes as recent months, i.e. a preference for less expensive equity markets versus US equities and a peer-relative overweight to the value factor.

<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.

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