

MyNorth Managed Portfolios



INFINITE PORTFOLIO - 100% GROWTH

Monthly Update for Month Ending December 2024

Investment objective

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

Key information

| | |
|--|---|
| Code | NTH0319 |
| Manager name | Mercer |
| Inception date | 22 December 2022 |
| Benchmark | Morningstar Australia Aggressive Target Allocation NR AUD |
| Asset class | Diversified |
| Number of underlying assets | 11 |
| Minimum investment horizon | 10 years |
| Portfolio income | Default - Reinvest |
| Management fees and costs | '0.5% |
| Performance fee | '0.06% |
| Estimated net transaction costs | '0.05% |
| Estimated buy/sell spread | '0.06%/0.06% |
| Risk band/label | 7/Very high |
| 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.

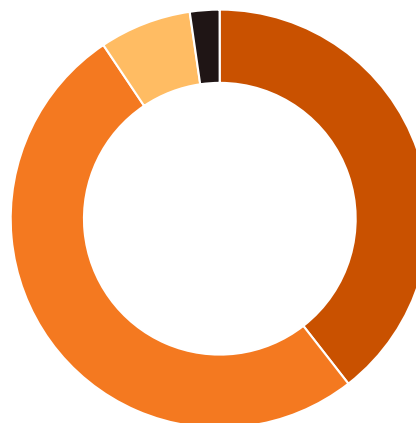
Returns

as at 31 December 2024

| | Since inception* | 1 Month (%) | 3 Months (%) | 6 Months (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) |
|---------------------------|------------------|-------------|--------------|--------------|------------|-------------|-------------|
| Total return ¹ | 18.59 | -1.08 | 3.64 | 9.54 | 18.78 | - | - |
| Income | 4.45 | 0.00 | 0.69 | 2.67 | 3.75 | - | - |
| Growth | 14.14 | -1.08 | 2.95 | 6.87 | 15.03 | - | - |
| Benchmark ² | 13.13 | -1.13 | 2.40 | 8.26 | 16.31 | - | - |

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

Asset allocation



as at 31 December 2024

| Growth assets | | Allocation (%) |
|---------------|------------------------|----------------|
| ■ | Australian Equities | 39.5 |
| ■ | International Equities | 51.2 |
| ■ | Property | 7.1 |
| ■ | Other | 0.0 |
| Total | | 97.8% |

| Defensive assets | | Allocation (%) |
|------------------|------------------------------|----------------|
| ■ | Australian Fixed Interest | 0.0 |
| ■ | International Fixed Interest | 0.0 |
| ■ | Cash | 2.3 |
| Total | | 2.3% |

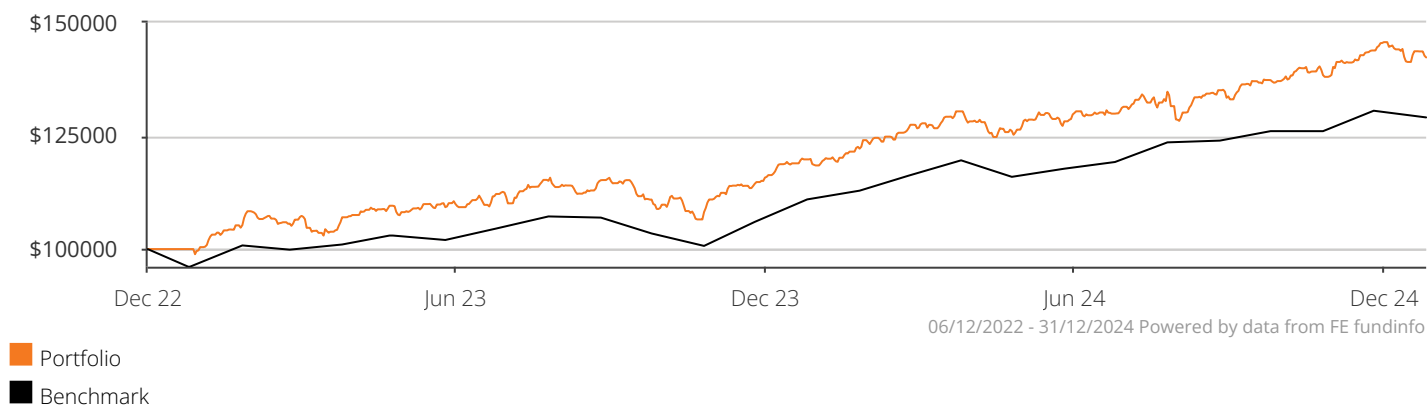
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 06/12/2022



Managed portfolio holdings³

| Holding | Asset class | Allocation (%) |
|--|------------------------|----------------|
| Ishares Core S&P/ASX 200 Etf | Australian Equities | 36.0 |
| iShares International Equity Index Fund | International Equities | 21.4 |
| Vanguard International Shares Index Fund (Hedged) | International Equities | 10.3 |
| JPMorgan Global Select Equity Fund - Class I Units | International Equities | 8.6 |
| Resolution Capital Global Property Securities Fund - Class C | Property | 6.0 |
| ATLAS Infrastructure Australian Feeder Fund AUD Hedged | International Equities | 4.6 |
| Jennison Global Equity Opportunities Fund - Class D | International Equities | 4.5 |
| Hyperion Australian Growth Companies Fund | Australian Equities | 3.7 |
| Skerryvore Global Emerging Markets All-Cap Equity Fund - Class M | International Equities | 2.5 |
| Cash Account | Cash | 1.3 |
| iShares Australian Listed Property Index Fund | Property | 1.2 |

Quarterly manager commentary

Market Update

Many Central Banks around the world cut interest rates in December and are likely to continue at a more gradual pace, except in Japan where rates are expected to rise as it emerges from a period of deflation.

Fears of a US recession grew, due to weaker conditions in labour markets and the manufacturing sector. However, other data showed strong overall conditions including Q2'24 GDP growth, driven by household consumption. Economic conditions weakened in the Eurozone, led by German manufacturers. Meanwhile, conditions remained lacklustre in China driven by ongoing weakness in its property markets, while economic activity improved in Japan with wage increases boosting consumption. during the quarter.

The US Federal Reserve (Fed) cut interest rates by 0.5% to 4.75 - 5.00% p.a. as confidence grew around the inflation outlook. A number of European regions, Canada and New Zealand also cut interest rates by 0.25% in the quarter due to reducing inflationary pressures.

In Australia, the RBA kept interest rates unchanged at 4.35% p.a. over the quarter noting it "remains vigilant to the upside risks to inflation" effectively pushing back against expectations for an interest rate cut in the coming months. Economic activity remained weak over the quarter. Q2'24 GDP was 0.2% Quarter-on-Quarter (QoQ), bringing the Year-on-Year (YoY) rate to 1.0%, driven by weak household consumption. Business survey responses indicated slowing conditions, with retail facing the most challenges.

International Shares overall continued to produce strong returns. The quarter saw some volatility, with markets initially declining due to fears of a US recession before recovering as the Fed began cutting interest rates. International Government Bonds rose due to US recession concerns and anticipation of a US interest rate cut with Australian Government Bonds also producing a positive return, albeit lagging global peers.

Gold prices hit a record high during the quarter as central banks cut interest rates internationally. Industrial metals like iron ore ended the quarter slightly lower due to weak economic data from China, despite a late recovery after Chinese policymakers pledged to stop the decline in property markets. Finally, oil prices ended the quarter lower, despite rising tensions in the Middle East, due to speculation of supply increases by OPEC+.

Portfolio Update

Portfolio changes during the quarter:

Following the U.S. election results and the strengthening of the U.S. dollar, Mercer unwound its short-term gold position, while increasing allocations

to Global Equities due to a favourable macroeconomic outlook. This resulted in increased allocations in the iShares International Equity Index Fund & JP Morgan Global Select Equity Fund.

Due to the strong appreciation of global equities in recent periods, Mercer have implemented rebalancing trades to realise some gains and realign underlying exposures closer to their target. This resulted in trimming the iShares International Equity Index Fund in global equities to reallocate to Global Listed Real Estate and Global Listed Infrastructure through the Resolution Capital Global Property Securities Fund and Atlas Infrastructure Australian Feeder Fund.

Additionally, the Jennison Global Equity Opportunities Fund has been introduced to replace the Hyperion Global Growth Companies Fund. Similar to Hyperion, Jennison maintains a much less concentrated portfolio relative to Hyperion, making it more attractive from a risk management perspective.

Market Outlook

Looking forward, Mercer expect international economic growth to remain resilient but regionally divergent. Mercer do not expect the US to enter a recession but anticipate slowing yet positive growth, with corporate and consumer balance sheets remaining strong. We expect US inflation to slow further, driven by a decline in services inflation, and expect the Fed to continue cutting rates. Furthermore, Mercer expect China's growth to improve from its current slow pace, supported by favourable government policies. Other emerging economies will also benefit from these policies and their own central bank policies, aiding their growth.

In Australia, Mercer expect high interest rates and cost-of-living pressures to keep household consumption and economic growth suppressed. Core inflation is expected to decline at a slower pace compared to other developed economies due to pressures in residential rental markets. While the RBA has indicated vigilance against inflation risks, Mercer do not believe it will commence a new series of hikes. Rather, we believe that interest rates have likely peaked this cycle.

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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