MyNorth Managed Portfolios

MORNINGSTAR HIGH GROWTH PORTFOLIO

Quarterly update for Month ending March 2024

Investment objective

To achieve capital growth through investing in a diversified portfolio of predominantly growth asset classes, with a small proportion of defensive asset classes. The portfolio aims to outperform the benchmark over rolling nine-year periods.

Key information

Code	NTH0301
Manager name	Morningstar
Inception date	30 September 2022
Benchmark	Consumer Price Index (CPI) + 4.5%
Asset class	Diversified
Number of underlying assets	33
Minimum investment horizon	9 years
Portfolio income	Default - Reinvest
Management fees and costs	'0.77%
Performance fee	'0%
Estimated net transaction costs	'0.08%
Estimated buy/sell spread	'0.04%/0.04%
Risk band/label	6/High
Minimum investment amount	$25,000

About the manager

Morningstar

Morningstar is a provider of investment management, asset allocation, portfolio construction and investment research services with over 35 years' experience in the United States, Australia and other international markets. Morningstar advises on, and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

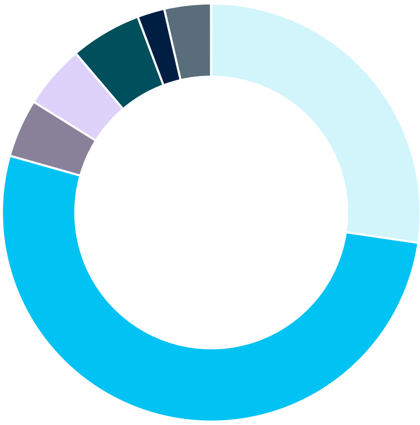
Returns

as at 31 March 2024

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return[1]	19.03	3.48	7.36	12.15	13.81	-	-
Income	3.80	0.05	0.63	1.24	4.36	-	-
Growth	15.23	3.43	6.73	10.91	9.45	-	-
Benchmark[2]	9.30	2.05	2.05	3.79	8.24	-	-

* Since inception returns begin from the month end immediately following portfolio launch.

Asset allocation



as at 31 March 2024

Growth assets	Allocation (%)
Australian Equities	27.3
International Equities	52.0
Property	4.5
Other	4.9
Total	**88.7%**

Defensive assets	Allocation (%)
Australian Fixed Interest	5.5
International Fixed Interest	2.1
Cash	3.6
Total	**11.2%**

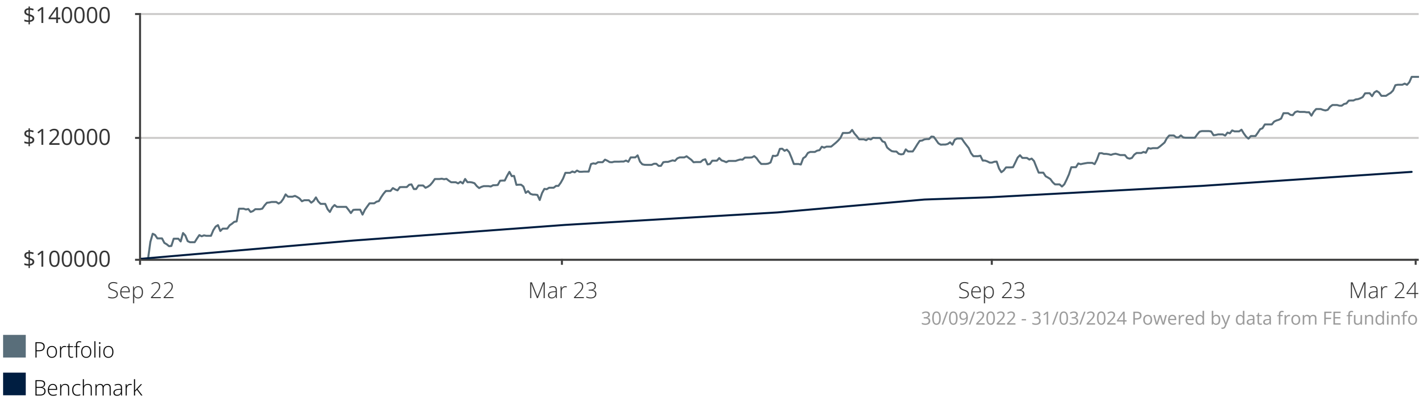
Asset allocation data sourced via Morningstar® from the underlying fund manager.

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 Benchmark is based on the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS) as of the current reporting period.

Performance history

$100,000 invested since 30/09/2022



Managed portfolio holdings[3]

Holding	Asset class	Allocation (%)
Morningstar Global Opportunities Fund	International Equities	12.6
Ishares Core S&P/ASX 200 Etf Ishares Core S&P/ASX 200 Etf	Australian Equities	9.2
Morningstar International Shares Active Etf (Managed Fund) Morningstar	International Equities	9.0
Morningstar International Shares Core (Hedged)	International Equities	6.1
Morningstar Australian Share Fund	Australian Equities	5.2
Ishares Core Composite Bond Etf Ishares Core Composite Bond Etf	Australian Fixed Interest	5.0
Ishares Core Msci World EX Australia Esg Etf Ishares Core Msci World E	International Equities	4.6
Morningstar Multi Asset Real Return Fund - Class Z	International Equities	4.6
iShares Core FTSE Global Infrastructure (AUD Hedged) ETF	Other	4.5
Ishares Core Msci World EX Aus Esg (Aud Hed) Etf Ishares Core Msci Wor	International Equities	4.5
Cash Account	Cash	3.2
Morningstar International Shares Core (Unhedged)	International Equities	3.2
Ishares China Large-Cap Etf Ishares China Large-Cap Etf	International Equities	3.0
Vaneck Ftse International Property (Hedged) Etf Vaneck Ftse Internatio	Property	2.9
Ishares Msci South Korea Etf Ishares Msci South Korea Etf	International Equities	2.6
Ishares Msci Japan Etf Ishares Msci Japan Etf	International Equities	2.3
Betashares Ftse 100 Etf Betashares Ftse 100 Etf	International Equities	1.9
Westpac Banking Corporation Ordinary Fully Paid	Australian Equities	1.6
CSL Limited Ordinary Fully Paid	Australian Equities	1.6
Resmed Inc Cdi 10:1 Foreign Exempt NYSE	Australian Equities	1.5
Morningstar International Bonds (Hedged) Fund - Class Z	International Fixed Interest	1.4
ANZ Group Holdings Limited Ordinary Fully Paid	Australian Equities	1.3
Woodside Energy Group Ltd Ordinary Fully Paid	Australian Equities	1.2
Brambles Limited Ordinary Fully Paid	Australian Equities	0.9
Dexus Fully Paid Units Stapled Securities	Property	0.8
Amcor PLC Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.8
GPT Group Fully Paid Ordinary/Units Stapled Securities	Property	0.8
James Hardie Industries PLC Chess Depositary Interests 1:1	Australian Equities	0.7

Holding	Asset class	Allocation (%)
Ramsay Health Care Limited Ordinary Fully Paid	Australian Equities	0.6
BHP Group Limited Ordinary Fully Paid	Australian Equities	0.6
Insurance Australia Group Limited Ordinary Fully Paid	Australian Equities	0.6
Medibank Private Limited Ordinary Fully Paid	Australian Equities	0.6
Newmont Corporation Cdi 1:1 Foreign Exempt NYSE	Australian Equities	0.6

Quarterly manager commentary

Market Update

Equity markets have kicked off 2024 in style with continued momentum from 2023, with strong performance from US and Japanese equity markets. Market participants continue to ignore comments from central banks that rates cuts are being pushed out further, even as data points to CPI being more stubborn than recently believed. Consensus is that the RBA and other central banks in the developed world are now expected to cut interest rates much later this year or even into 2025.

More closely to home, the recent ASX reporting season was quite benign, with many companies commenting that key areas of focus being conscious of costs and exercising caution on balance sheets whilst looking for business growth opportunities.

Equity returns were far from uniform across countries. Japanese stocks rose strongly, while U.K. equities eked out a small gain despite a recession announcement. Performance was similarly divergent across emerging markets; Chinese and Brazilian stocks endured losses while India gained.

From a style perspective, growth and value stocks were virtually neck and neck. Technology and communication-services sectors outperformed, while consumer discretionary stocks lagged due in large part to weakness in the automobile industry. Small companies also struggled versus their larger counterparts, although still delivered positive outcomes for investors.

The market's proclivity for mega-cap stocks continued, with the “Magnificent Seven” dominating performance, although this was heavily swayed by Nvidia, which rose more than 80% in the first quarter. Outside of Nvidia, Tesla was down -27% in the quarter—the worst stock in entire S&P 500. Apple was also down 11%, while Google was up 8% but trailed the broad market. Withstanding these changes, market concentration in the very largest stocks has reached a level not seen since the "nifty-fifty" era of the early 1970's.

Turning to bonds, improving news on the global economy caused yields to inch higher, providing a headwind for fixed income asset classes. Longer-duration bonds underperformed their short-duration counterparts. High-yield bonds were a standout winner among fixed income. Broadly speaking, the US dollar gained value versus most developed- and emerging-market currencies, providing a tailwind for unhedged exposures.

Portfolio changes during the quarter:

Within global equities, the portfolio has benefitted from having more unhedged offshore currency exposure than Australian dollar hedged exposure over the past 12 months and medium-term (three to five years). We think it’s prudent to shift some of the portfolio’s offshore dollar unhedged global equities exposure towards more Australian dollar hedged assets. The Australian dollar has recently pulled back from its recent heights of 68.5 cents against the US dollar, at the end of December, to be trading at around 65 cents, providing the opportunity for us to increase the Australian dollar currency hedged exposure in our portfolios.

In addition, interest rate sensitive assets have also become a little more attractive, which has meant adding a new position in Infrastructure.

We are initiating a position in iShares Core MSCI World ex Australia ESG (AUD Hedged) ETF (IHWL.ASX), which is the Australian dollar hedged version of iShares Core MSCI World ex Australia ESG ETF (IWLD.ASX), that is currently held in portfolios. We have also reduced our exposure to the Morningstar International Shares Fund (Unhedged) and increased our exposure to MSTR.ASX (Morningstar International Shares Active ETF) which is the Australian dollar hedged equivalent vehicle. To fund the Australian dollar hedged international equities positions (mentioned above), we have also reduced some of our offshore unhedged single market international equities positions.

With the Japanese stock market being one of the standout performers of 2023, and continuing its strong run into 2024, we have trimmed iShares MSCI Japan ETF (IJP.ASX) as valuations have been less attractive. The market has responded positively to improving corporate governance practices being taken by Japanese companies, and we are pleased to see progress being made, given that corporate governance change forms part of our long-standing investment thesis for Japanese equities.

Although the UK and South Korean equities markets still look attractively valued, we have trimmed BetaShares FTSE 100 ETF (F100.ASX) and the iShares MSCI South Korea ETF (IKO.ASX). We remain overweight to the UK and South Korea equity markets against the portfolio’s strategic asset allocation benchmark, but we feel it makes sense to trim these exposures to broaden out the portfolio exposures and shift the portfolio towards more Australian dollar hedged positions.

We have also initiated a position in iShares Core FTSE Global Infrastructure (AUD Hedged) ETF (GLIN.ASX). We felt now was an opportune time to add infrastructure to the portfolio as this interest rate sensitive asset class has lagged broader equities markets due to dual concerns that rising interest rates will negatively impact valuations and capital market funding costs.

Market Outlook

Looking ahead, market participants are trying to reconcile a few key developments. On one hand, the market backdrop appears favourable, with sentiment improving and corporate earnings rising. On the other hand, central banks may not pursue rate cuts at the speed many hoped, with valuations edging on expensive across many measures. Taken together, we believe a cautionary optimistic stance is warranted, balancing risk and return drivers while selectively identifying pockets of opportunity.

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.