

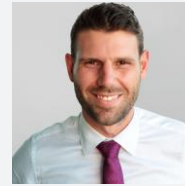
North Professional Balanced Fund

Portfolio Manager Update
December 2024 Quarter

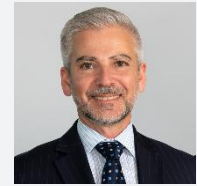
The North Professional Balanced Fund offers investors an actively-managed and diversified exposure to a variety of asset classes including shares, property, fixed interest, cash and alternatives – both in Australia and overseas.

Investments are made in managed investment schemes whose assets are managed by specialist managers selected for their expertise in that asset class.

Portfolio Managers



Stephen Flegg
Senior Portfolio
Manager



Stuart Eliot
Head of Portfolio
Management

FUND AT A GLANCE

Investment objective

The Fund aims to provide investors with moderate long-term investment returns which outperform its own composite index benchmark and aims to outperform the Morningstar OE Multisector Growth Survey.

The Fund may be suitable for investors seeking to invest in a mix of growth and defensive assets. Growth assets will have an average allocation of 71% with the balance in defensive assets.

Fund details

APIR code	IPA0077AU
Minimum investment timeframe	5 years
Total fund size (millions)	\$1,181.2
Product inception date	31 March 2011
Risk level (1-7)	6 – High
Product status	Open

Designed for

This product is intended for a consumer who is seeking capital growth and potentially some income distributions. It has a high risk/return profile and is intended for use for up to a standalone of an investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with a minimum investment timeframe of 5 years and who is unlikely to need to withdraw their money on less than one week's notice.

Asset allocation range



Key features



Long-term track record of performance.



Active stock selection, active asset allocation and efficient portfolio construction.



Access to some of the best managers and assets from around the globe.



Diversification across asset classes, geographies and sectors of the economy.

PERFORMANCE

Returns

	3 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	7 years (% pa)	10 years (% pa)
Professional Balanced – Gross	2.14	13.78	5.44	6.95	7.23	7.37
Professional Balanced – Net	1.95	12.86	4.59	6.05	6.31	6.46
Peer survey⁽ⁱ⁾	1.55	12.03	4.62	6.11	6.24	6.31

(i) Morningstar OE Multisector Growth Survey – Peer Group Average. Peer survey data is published as at 10th January 2025 sourced from Morningstar Direct and may differ to what is published on www.morningstar.com.au

Past performance is not a reliable indicator of future performance.

Source: AMP Investments as at 31 December 2024. Performance is shown before tax and management fees and costs and assumes all distributions are reinvested.

QUARTERLY COMMENTARY

Performance

Global shares rose strongly over the December quarter, buoyed by optimism of market-friendly policies from the incoming US administration.

Revenue from drilling and fracking for oil and gas is set to significantly rise, while national spending, tax and regulations are all flagged to be significantly cut.

Australian shares underperformed compared to their global counterparts, ending the quarter slightly lower amid continued weak economic growth.

Meanwhile, global government bonds saw rising yields and negative returns from developed markets, influenced by geopolitics, central bank rhetoric and fluctuating inflation rates, along with scaled-back expectations for monetary policy easing in 2025 amid persistent inflation concerns.

The Fund achieved a positive return over Q4 that exceeded the strategic benchmark and comfortably outperformed its peer universe average.

The largest drivers of the outperformance relative to the strategic benchmark were an overweight allocation to global shares and an underweight allocation to diversified credit.

Over one-year, performance was very strong and well ahead of the strategic benchmark. Longer-term returns remain robust and in line with returns historically expected from this strategy.

Outlook

Looking ahead, we anticipate 2025 to be a decent year for markets, however, investors should not expect similar levels of gains seen in 2024. Geopolitical risks, potential economic stagnation and stretched share market valuations all remain front of mind for investors as we head into the new year. In this environment, we continue to be highly diversified across asset classes and strategies.

Manager in focus

ECP Asset Management

Australian Equities manager, ECP, focuses on the fundamentals of a business, given the belief this is likely to be the prime driver of a stock's long-term return. They look for high quality businesses that are in the growth phase and undervalued, or perhaps misunderstood by the market with regard to potential future profitability. Their long-term approach leads to price volatility to be seen as a potential opportunity, rather than something to overreact to.

Portfolio management

At quarter end, the Fund's asset allocation can be summarised as:

Australian shares – We expect Australian equities to generate a solid return premium versus risk-free assets over the medium to long-term, bolstered by franking credits and a healthy earnings yield. The sector makeup, which is dominated by banks and mining, is not as attractive to us as some offshore markets. The current positioning in this asset class is neutral versus the benchmark.

International shares – We believe global share markets are well positioned for growth over the medium to long-term. We are expecting higher volatility moving forward, and thus we anticipate our active managers will have considerable opportunity to add value. We are currently overweight this asset class versus the benchmark.

Real assets – The different return drivers for real assets versus listed equities provide useful diversification and improved consistency of returns. Our current positioning in this asset class is neutral versus the benchmark.

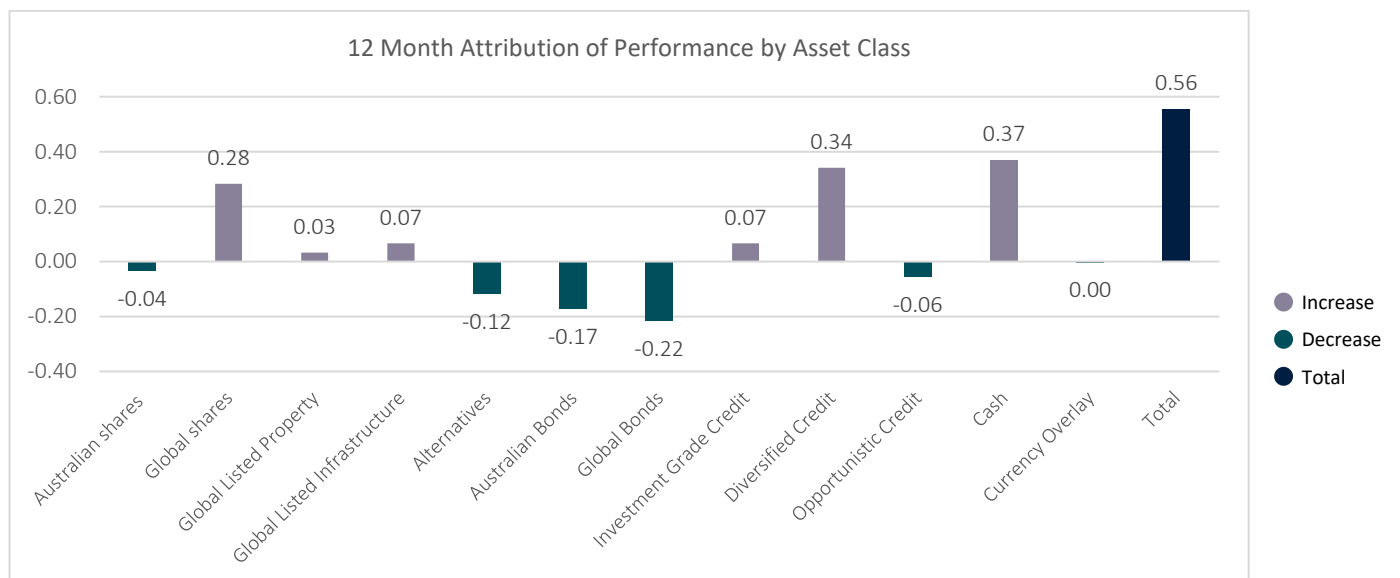
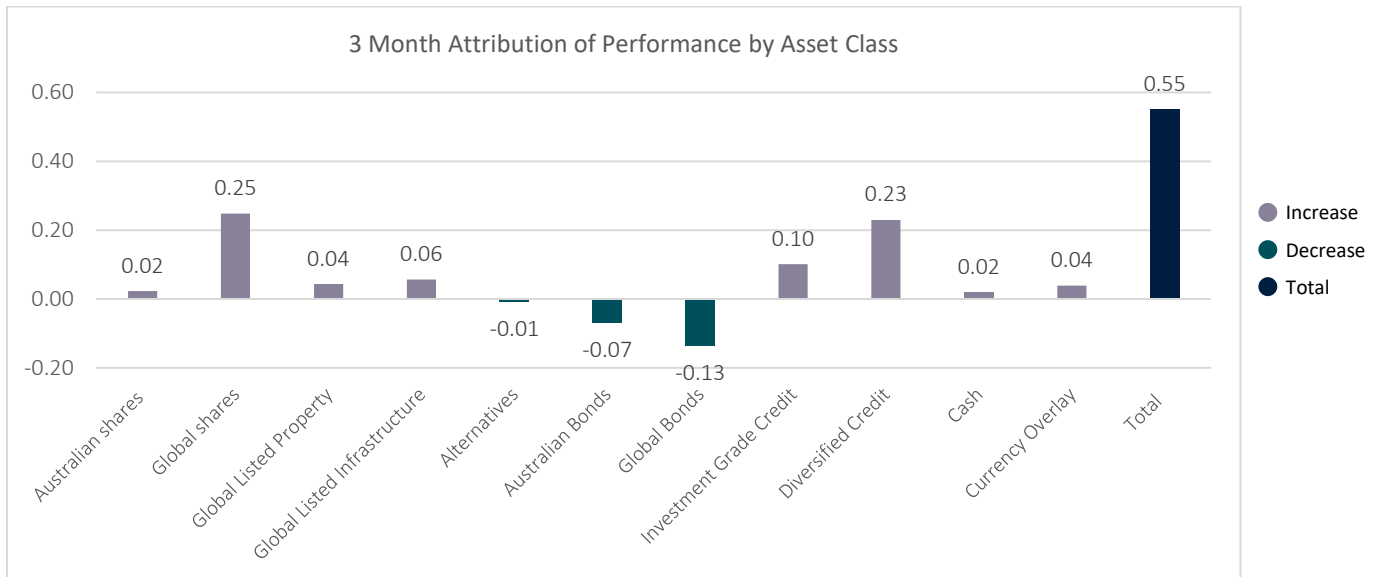
Defensive assets – With increased yields on offer, we have continued to target more of these returns by buying bonds and increasing the duration. Selected areas in credit also potentially offer good risk-adjusted returns, which we are excited about allocating capital to through our line-up of quality active managers. Our credit exposure has been increasing and we expect this trend to continue in the near-term. We are overweight credit, neutrally positioned in bonds and underweight cash.

Stock story

Block

Block Inc, formerly known as Square, a US-based Australian-listed company held by our underlying manager ECP, outperformed during the December quarter on the back of increased optimism from investors stemming from the company's recent quarterly earnings report, which pointed to accelerating payment volume growth in the US. Despite the recent strong performance from the stock, ECP believe the current multiple is not seen as excessive by markets, thus a meaningfully higher share price is possible as the company further demonstrates its ability to execute.

PERFORMANCE ATTRIBUTION



Underlying managers

Manager	Strategy	End of month weight (%)
Australian shares		
Lazard Asset Management	Fundamental - Relative value	7.4
Vinva Investment Management	Quantitative - Multi-factor	8.6
ECP Asset Management	Fundamental - Quality growth	6.8
UBS Asset Management	Passive - Index	6.4
Futures	Futures	-0.8
Global shares		
Dimensional Fund Advisors	Quantitative - Quality with large cap biased	1.9
Intech Investment Management	Mathematical - Core	9.1
Janus Henderson Investors	Multi-strategy	11.3
AQR Capital Management, LLC	Quantitative	12.0
Ninety One	Fundamental - Core	0.7
Lazard Asset Management	Quantitative - Core	1.4
J O Hambro Capital Management	Fundamental, Top down, GARP	1.1
Futures	Futures	-1.6
Global listed property		
Macquarie Investment Management Global Limited	Fundamental - Core	4.0
Global listed infrastructure		
Dimensional Fund Advisors	Quantitative - Core	3.9
Alternatives		
South Peak Investment Management	Specialist risk premia (Volatility)	1.1
Futures	Futures	0.1
Australian bonds		
Macquarie Investment Management Global Limited	Top down, Macro-thematic	2.6
Pendal Institutional Limited	Relative value, Bottom Up	3.9
Futures		1.6
Global bonds		
UBS Asset Management	Passive - Index	2.0
Futures	Futures	2.3
Investment grade credit		
Coolabah Capital Investments	Systematic, Active Trading	2.4
Morgan Stanley	Fundamental, Bottom up global credit	3.6
Diversified credit		
Roc Partners	Private Debt	0.3
Revolution Asset Management	Private Debt	0.5
Brigade Capital Management	Opportunistic Credit (Cross-Sector)	1.2
TCW Asset Management	Opportunistic Credit (Sector-Specialist)	0.8
Bentham Asset Management	Core Multi-Asset Credit, Fundamental	1.6
Ninety One	Emerging Markets Debt	0.4
Blackstone Inc	<i>*in wind-down</i>	0.2
Cash	Cash	0.1
Ares Asset Management	Infrastructure Debt	1.2
Cash		
Macquarie Investment Management Global Limited (Enhanced Cash)	Actively managed cash	1.9

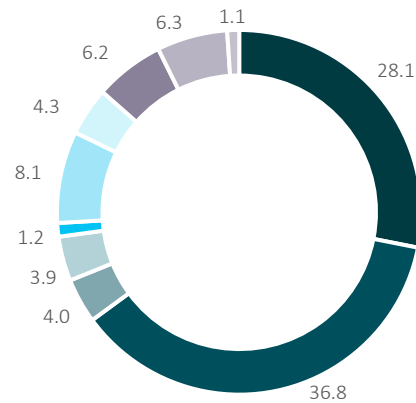
Note: (i) Allocation data may not add to 100% due to rounding.
(ii) Allocations and underlying investment managers may change without prior notice.

Source: AMP Investments as at 31 December 2024.

ASSET ALLOCATION

Asset allocation by sector

Asset class	Target	Current	Tilt
Growth assets	%	%	%
● Australian shares	28	28.1	0.1
● Global Shares	34	36.8	2.8
● Global listed property	4	4.0	0.0
● Global listed infrastructure	4	3.9	-0.1
● Alternatives ⁽ⁱ⁾	0	1.2	1.2
Defensive assets	%	%	%
● Australian bonds	8	8.1	0.1
● Global bonds	2	4.3	2.3
● Investment grade credit	6	6.2	0.2
● Diversified credit	4	6.3	2.3
● Cash	10	1.1	-8.9



- (i) Alternatives has a 50% allocation to growth and 50% allocation to defensive.
(ii) Allocation data may not add to 100% due to rounding.

WE'RE HERE TO SUPPORT YOU

If you are a direct investor and would like to speak to someone in regards to your investment, please contact AMP Investments Client Services on **133 267** or email ampinvestments@amp.com.au

If you are an adviser, you can contact Client Services as above or your State Account Manager.

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