

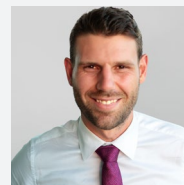
North Professional Balanced Fund

Portfolio Manager Update
March 2024 Quarter

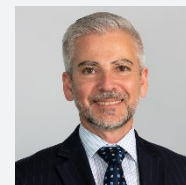
The North Professional Balanced Fund offers investors an actively-managed and diversified exposure to a variety of asset classes including shares, property, fixed interest, cash and alternatives – both in Australia and overseas.

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.

Designed for

Investors seeking capital growth to be used as either a satellite, core or standalone holding within a portfolio where the consumer has a medium to long investment timeframe and a high risk/return profile. The fund provides daily access to capital.

Asset allocation range



Fund details

APIR code	IPA0077AU
Minimum investment timeframe	5 years
Total fund size (millions)	\$1,357.7
Product inception date	30 September 2011
Risk level (1-7)	6 – High
Product status	Open

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 (as at 31 March 2024)

	3 months (%)	1 year (% pa)	3 years (% pa)	5 years (% pa)	7 years (% pa)	10 years (% pa)
Professional Balanced – Gross	6.03	14.58	6.38	7.29	7.27	7.52
Professional Balanced – Net	5.85	13.78	5.51	6.38	6.34	6.62
Peer survey ⁽ⁱ⁾	5.96	12.88	6.15	6.54	6.43	6.45

(i) Morningstar OE Multisector Growth Survey – Peer Group Average. Peer survey data is published as at 10th January 2024 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 March 2024. Performance is shown before tax and management fees and costs and assumes all distributions are reinvested.

Asset performance (as at 31 March 2024)

	3 months (%)	1 year (% pa)	5 years (% pa)	10 years (% pa)	Since inception (% pa)
Australian shares	6.39	16.72	10.19	8.75	9.13
Benchmark	5.43	14.40	9.15	8.27	8.35
Global shares – hedged	8.42	22.00	10.67	10.04	9.25
Benchmark	9.41	23.19	9.87	9.56	9.11
Global shares – unhedged	12.51	26.05	13.88	13.39	10.69
Benchmark	13.34	26.84	12.80	12.58	9.92
Global listed property	-1.56	5.61	0.97	5.51	9.77
Benchmark	-1.73	5.68	1.12	5.07	N/A
Global listed infrastructure	3.61	4.72	4.56	7.53	9.73
Benchmark	2.11	1.84	2.50	5.62	8.29
Alternatives	0.34	-2.09	-1.22	0.63	3.50
Benchmark	N/A	N/A	N/A	N/A	N/A
Opportunistic credit	0.80	0.90	2.10	2.79	5.05
Benchmark	N/A	N/A	N/A	N/A	N/A
Australian bonds	0.83	1.71	0.80	2.85	3.70
Benchmark	0.72	1.38	0.34	2.50	3.43
Global bonds	-0.36	2.49	-0.06	2.29	3.97
Benchmark	-0.31	2.53	-0.13	2.33	3.94
Investment grade credit	0.90	5.90	1.08	2.92	4.21
Benchmark	0.34	4.20	0.92	2.37	3.26

Past performance is not a reliable indicator of future performance. Performance noted above is of the active building blocks in those asset classes.

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

QUARTERLY COMMENTARY

Performance

The March quarter saw continued strong performance from most growth asset markets, as traders bet on inflation continuing to fall and any near-term recessionary conditions to be mild. The anticipated path of US interest rates changed over the quarter, with markets pricing in significantly fewer cuts later in the year. While we typically would expect this to weigh on equity markets, it appeared to have little to no impact, as markets rose steadily over the period. Amidst the cheers of equity investors over robust economic data, fixed income investors faced a tougher March quarter as yields rose, resulting in negative performance from global government bonds, though this was offset by positive returns from the credit segment.

Over the quarter, the Fund produced a strong absolute return which was ahead of the strategic benchmark and slightly ahead of the peer average. Longer-term performance remains solid and in line with returns we have historically expected from this strategy. The largest contributors to absolute performance were allocations to international shares as well as Australian shares.

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 vs the benchmark.

International shares – We believe global share markets particularly 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 vs 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 vs 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.

Outlook

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by relatively lower inflation and central banks looking to cut rates where possible. However, with economic growth now struggling in many regions outside the US and an unstable global geopolitical environment, we believe it may be a rougher and more constrained ride than in 2023; particularly given significant recent price rises in growth asset markets. As always, we remain highly diversified across asset classes and strategies, as we focus on generating long-term wealth for our investors.

Manager in focus

Lazard

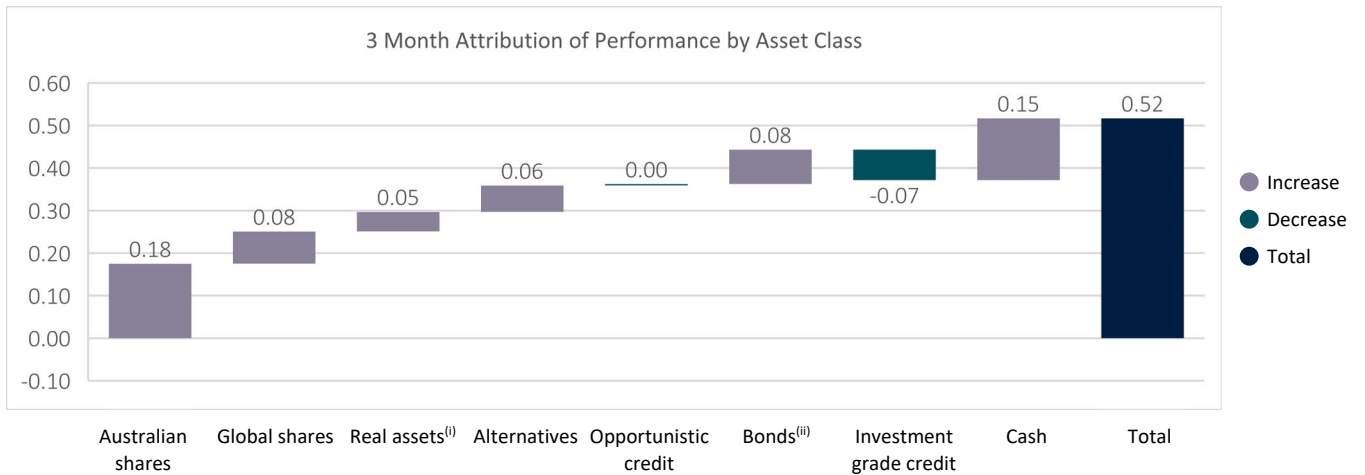
Australian Equities manager, Lazard, adopt a fundamental, high conviction approach to investing, targeting absolute returns over the long-term. Stock selection is founded on deep fundamental research. Risks, including from a benchmark-perspective, also form a significant consideration in building their portfolio. Lazard also believe ESG considerations can affect a security's valuation and financial performance, thus have integrated ESG into their research approach and investment decision process.

Stock story

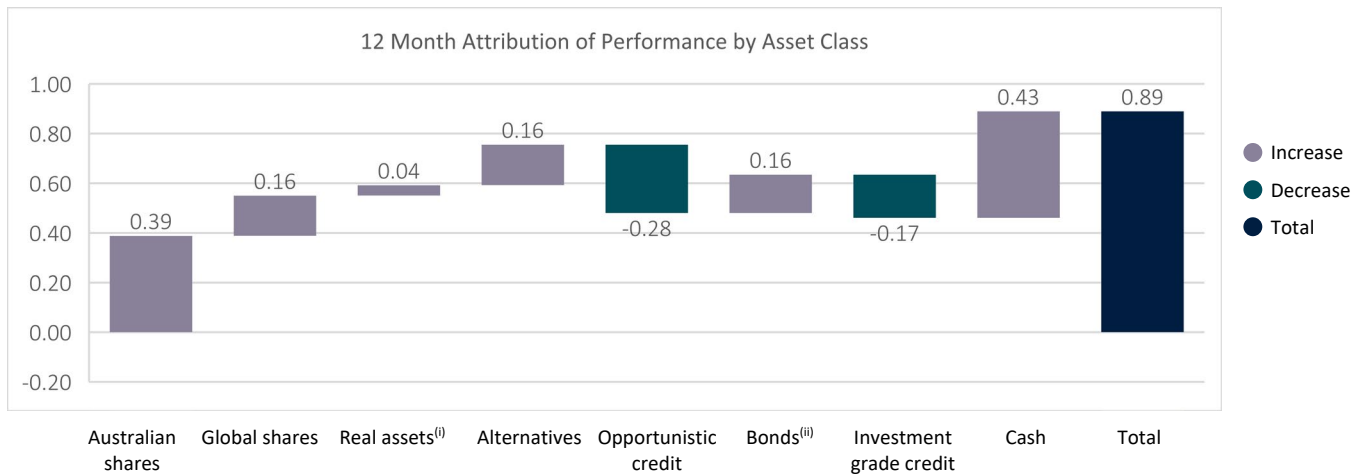
Underweight to banks

For some time, Lazard has been materially reducing their exposure to banks, in both absolute and relative terms. While the shares have been rising in price for some time, Lazard believe there are significant headwinds in the industry the market is not pricing in. Net Interest Margins, an important indicator of bank profitability, have continued to decline. When combined with the cost of credit still being priced for an economic boom, along with bank stocks now trading at very high multiples, they've elected to mitigate risk by preferring other sectors with better cashflow prospects, such as general insurance, or stocks exposed to the energy transition.

PERFORMANCE ATTRIBUTION



(i) Real assets includes property and infrastructure.
(ii) Bonds includes Australian and international bonds.



(i) Real assets includes property and infrastructure.
(ii) Bonds includes Australian and international bonds.

Underlying managers (at 31 March 2024)

Manager	Strategy	End of month weight (%)
Australian shares		
Lazard Asset Management	Fundamental - Relative value	7.8
Vinva Investment Management	Quantitative - Multi-factor	9.0
ECP Asset Management	Fundamental - Quality growth	7.2
UBS Asset Management	Passive - Index	2.8
Futures	Futures	2.2
Global shares		
Arrowstreet Capital, Limited Partnership	Quantitative - Multi-factor core	3.3
C WorldWide Asset Management	Fundamental - Quality growth	2.5
Intech Investment Management	Mathematical - Core	4.2
Intech Investment Management (Enhanced Index)	Mathematical - Core	4.6
Dimensional Fund Advisors	Quantitative - Quality with large cap biased	1.8
LSV Asset Management	Quantitative - Diversified value	1.8
Pzena Investment Management	Fundamental - Focused value	2.5
GMO Emerging Markets	Quantitative - Value biased	0.5
UBS Asset Management (Index Developed Market)	Passive - Index	0.0
UBS Asset Management (Index Emerging Markets)	Passive - Index	0.0
Janus Henderson Investors	Multi-strategy	5.8
AQR Capital Management, LLC	Quantitative	6.1
Ninety One	Fundamental - Core	1.2
Schroders Investment Management	Quantamental - Core	0.6
Lazard Asset Management	Quantitative - Core	1.2
Futures	Futures	-2.2
Global listed property		
Macquarie Investment Management Global Limited	Fundamental - Core	4.2
Global listed infrastructure		
Dimensional Fund Advisors	Quantitative - Core	4.4
Alternatives		
AQR Capital Management	Hedge fund strategies	0.8
South Peak Investment Management	Specialist risk premia (Volatility)	0.8
Volt Capital Management	Systematic macro	0.5
Neuberger Berman	Discretionary macro	0.5
Opportunistic credit		
Blackstone Inc.	<i>*in wind-down</i>	0.1
Credit Suisse Securities (Europe) Limited	Life Settlement Swaps	0.5
TCW Asset Management	Opportunistic credit (sector-specialist)	0.7
Ares Management	Infrastructure Debt	1.0
Ninety One	Emerging Market Debt	0.1
Australian bonds		
Macquarie Investment Management Global Limited	Top down, Macro-thematic	3.8
Pendal Institutional Limited	Relative value, Bottom Up	5.8
Futures	Futures	0.0
Global bonds		
UBS Asset Management	Passive - Index	1.6
Futures	Futures	0.1
Investment grade credit		
PIMCO	Top down, Macro-thematic global fixed income	3.2
Morgan Stanley	Fundamental, Bottom up global credit	3.2

Diversified credit		
Roc Partners	Private Debt	0.3
Revolution Asset Management	Private Debt	0.4
Cash		
Macquarie Investment Management Global Limited (Enhanced Cash)	Actively managed cash	2.1
Macquarie Investment Management Global Limited (Transactional Cash)	Cash	2.6

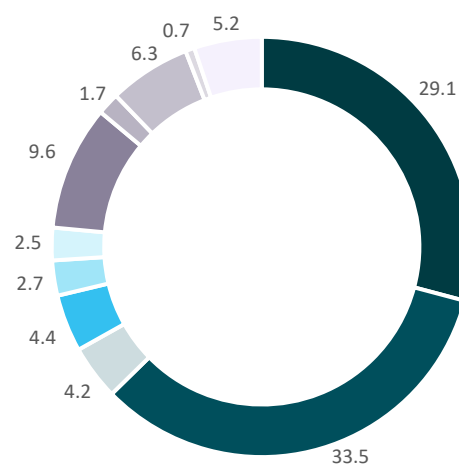
Note: Allocations and underlying investment managers may change without prior notice.

Source: AMP Investments as at 31 March 2024.

ASSET ALLOCATION

Asset allocation by sector

Asset class	Target	Current	Tilt
Growth assets	%	%	%
● Australian shares	28	29.1	1.1
● Global Shares	32	33.5	1.5
● Global listed property	4	4.2	0.2
● Global listed infrastructure	4	4.4	0.4
● Alternatives ⁽ⁱ⁾	2	2.7	0.7
● Opportunistic credit	2	2.5	0.5
Defensive assets	%	%	%
● Australian bonds	10	9.6	-0.4
● Global bonds	2	1.7	-0.3
● Investment grade credit	6	6.3	0.3
● Diversified credit	2	0.7	-1.3
● Cash	8	5.2	-2.8



(i) Alternatives has a 50% allocation to growth and 50% allocation to defensive.

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.

Angus Finlay

Portfolio Specialist – NSW, ACT, QLD, WA

Australian Retail | **AMP Investments**
50 Bridge Street, NSW 2000 Australia
M +61 450 688 979

Nick Bugryn

Portfolio Specialist – VIC, TAS, SA, NT

Australian Retail | **AMP Investments**
12/699 Collins St, VIC 3000 Australia
M +61 408 538 867

What you need to know

Any advice in this document is provided by National Mutual Funds Management Ltd (ABN 32 006 787 720, AFSL 234652) (NMF) and is general in nature only. It doesn't consider any particular investor's objectives, financial situation or needs. It's important an investor considers the appropriateness of any advice and reads the relevant Product Disclosure Statement (PDS) available at amp.com.au/investments-pds and target market determination available at amp.com.au/investments-tmd, before deciding what's right for them. NMF is part of the AMP Group and can be contacted on 131 267 or ampinvestments@amp.com.au.

You can read our Financial Services Guide <https://www.northonline.com.au/financial-services-guide> online for information about our services, including the fees and other benefits that AMP Group and its representatives may receive in relation to products and services it provides. You can also ask us for a hard copy.

ipac Asset Management Limited ABN 22 003 257 225, AFSL 234655) (IAML) is the responsible entity of Diversified Investment Strategy No.2 referred to as North Professional Balanced Fund (the Fund) and is the issuer of the units in the Fund and the PDS.

While every care has been taken in the preparation of this document, the AMP Group makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. The AMP Group does not guarantee the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. The information provided in this document is current as at 31 March 2024.