

# Morningstar Balanced Real Return Fund

Performance Update | As of 31/07/2024

**Risk Profile:** Medium  
**Inception**<sup>1</sup>: 1 January 2010  
**Unit Pricing:** Daily  
**Distributions:** Quarterly  
**Investment Horizon:** 5 Years

**Management Fees and Costs**<sup>2,3</sup>: Up to 0.53%  
**Performance Fees**<sup>3</sup>: 0.01%  
**Transaction Costs**<sup>3,4</sup>: 0.09%  
**Buy-Sell Spread:** 0.07%/0.06%

Management Fees and Costs include Morningstar's management fee of 0.51% as well as our reasonable estimate of excluded indirect costs which represent that portion of expenses charged by underlying funds which Morningstar do not pay out of its management fee.

## Investment Strategy

An actively managed multi-asset Fund with a long-term average exposure of around 50% growth assets such as shares, property, and infrastructure, and around 50% defensive assets such as cash and fixed interest. The Fund will be invested dynamically across managed funds, direct securities, exchange traded funds, foreign exchange contracts, and/or derivatives. The Fund aims to deliver real returns whilst preserving capital over the targeted investment horizon.

## Investment Objective

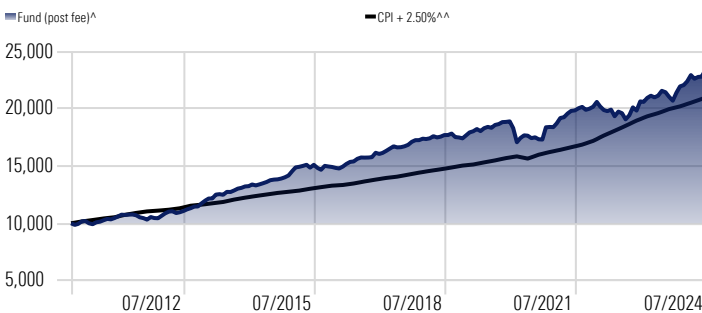
To earn a rate of return that exceeds inflation<sup>5</sup> by at least 2.5% p.a. over rolling 5-year periods.

## Trailing Returns

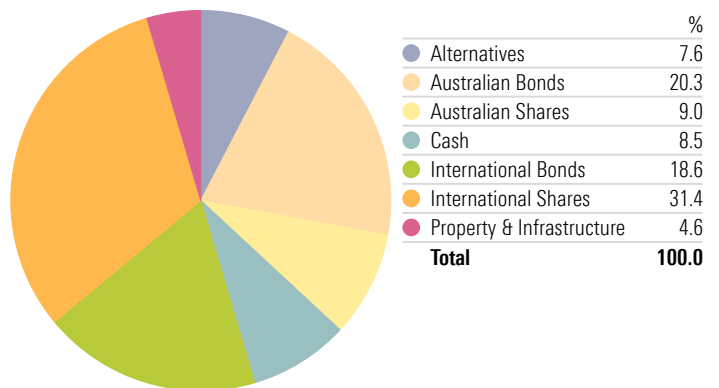
	1mth (%)	3mth (%)	1yr (%)	3yr (% p.a)	5yr (% p.a)	7yr (% p.a)	10yr (% p.a)	Incp (% p.a)
Fund (post fee) <sup>^</sup>	2.58	3.40	8.47	5.61	4.90	4.98	5.45	6.00
CPI + 2.50% <sup>^^</sup>	0.54	1.62	6.25	7.85	6.41	5.81	5.26	5.21

Past performance is not a reliable indicator of future performance.

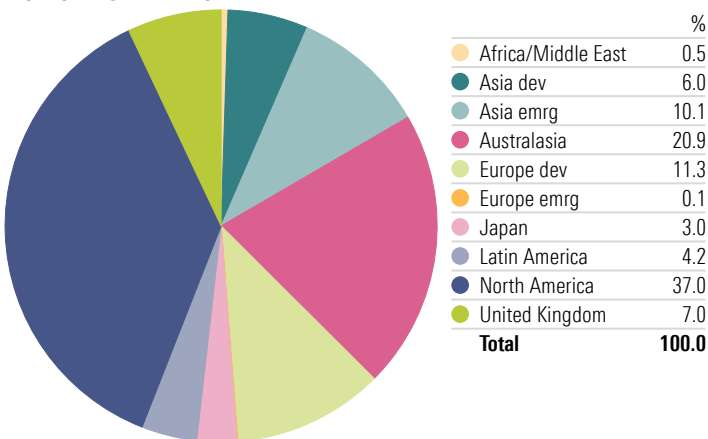
Returns over 12 months are annualised.



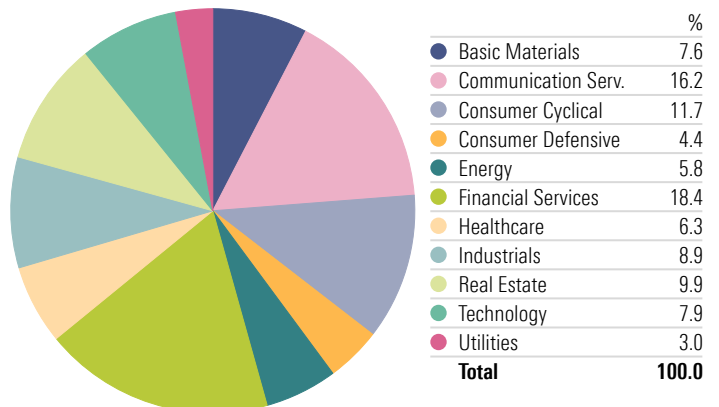
## Asset Allocation



## Equity Regional Exposure



## Equity Sector Exposure



<sup>1</sup>The Fund's inception date used is 1 January 2010, the start of the full implementation of the Valuation Driven Asset Allocation process.

<sup>2</sup>Management fees can be negotiated and may be less than the standard management fee. The portfolio may include exchange traded funds which charge management fees and these are an additional cost to individual investors and impact their return. This and any other excluded indirect costs incurred by the portfolio is captured within 'Management Fees and Costs' above.

<sup>3</sup>All fees and costs are estimates for the 2022/23 financial year and are expressed as a percentage of net asset value of the Fund.

<sup>4</sup>Transaction costs are expressed net of buy/sell spread recovery

<sup>5</sup>Inflation is an increase in the level of prices of the goods and services that households buy, which is measured by the Consumer Price Index.

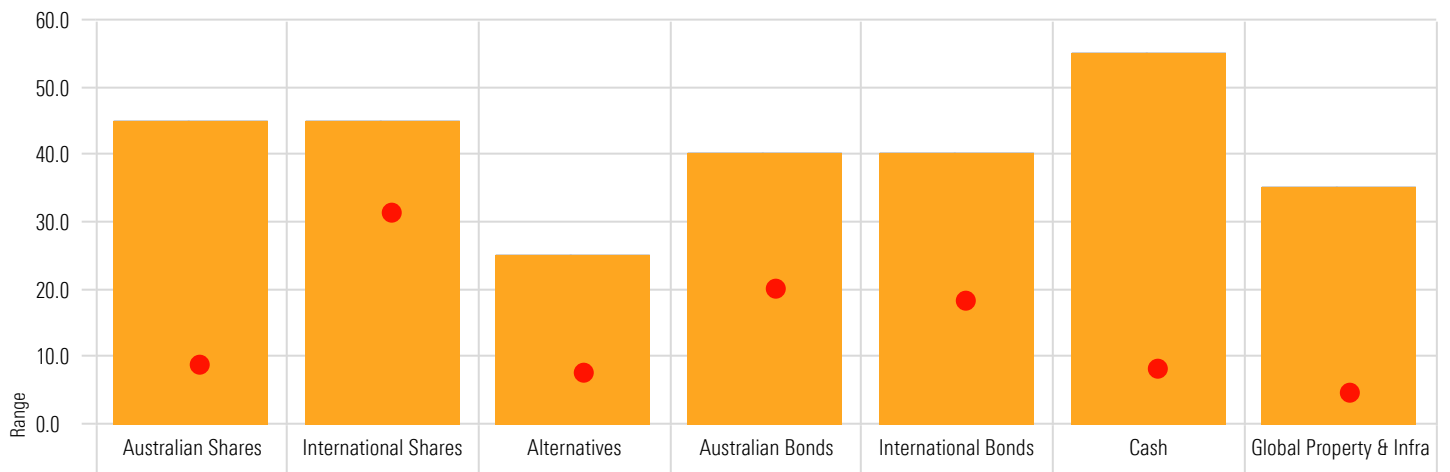
<sup>^</sup>Investment performance is before tax and after the standard management fee (inclusive of GST).

<sup>^^</sup>The CPI was not available for the current period at the time of creation. CPI for the previous quarter has been used as a proxy for the current period.

Please note the actual CPI for the current quarter will differ to the proxy used

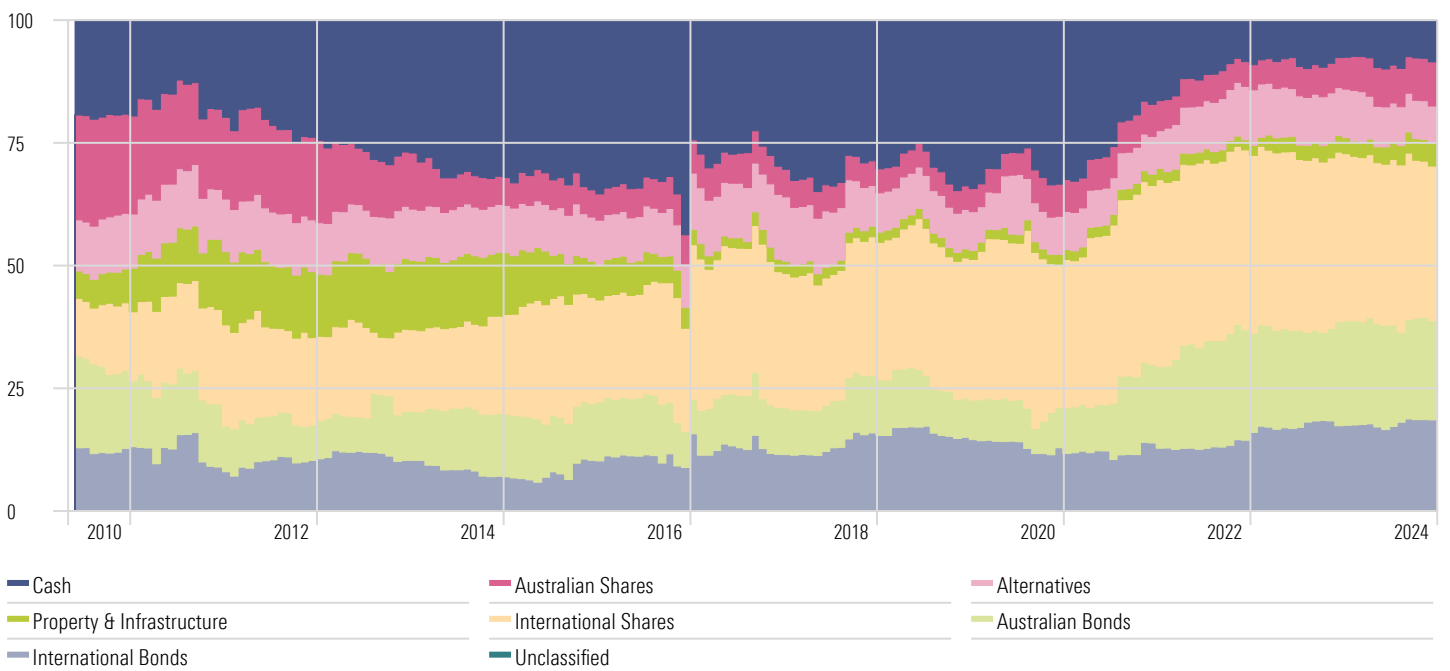


## How asset allocation is positioned vs the allowable ranges

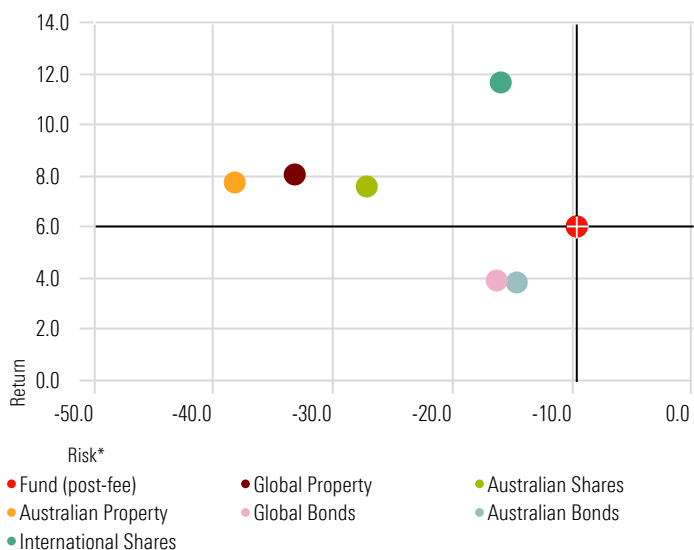


● Actual

## Asset Allocations Over Time



## Risk versus reward since inception<sup>^</sup>



This chart shows how a number of investments have performance on average since full implementation of the Valuation Driven Asset Allocation process, which occurred on 1 January 2010.

Returns alone are not the full picture. You cannot generate returns without taking on a level of risk. The chart shows the 'riskiness' of each investment relative to its average return.

You want to be as close to the top right corner of the chart as possible, as this indicates high returns achieved with less risk. You would expect cash to be towards the bottom right of the chart, with little to no risk and consequently, low returns.

It's important to note that past performance is not a reliable indicator of future performance and **riskiness of investments may far exceed what has occurred in the past.**

\*Risk is measured as the maximum loss from a peak to a trough for that investment during the period.

<sup>^</sup>Asset classes are represented by the following Morningstar Indices:

- Morningstar Australia NR AUD (Australian Shares)
- Morningstar AU Core BD GR Hdg AUD (Australian Bonds)
- Morningstar Gbl Mkts NR AUD (International Shares)
- Morningstar DM REIT NR Hdg AUD (Global Property)
- Morningstar Australia REIT NR AUD (Australian Property)
- Morningstar Gbl Core Bd GR Hdg AUD (Global Bonds)

Detailed information regarding portfolio holdings are available using Morningstar's Look Through Tool.

<https://morningstarinvestments.com.au/holdings/>

## Morningstar's Investment Principles



**We put investors first.** We believe the firms that put investors first win in the long term because their investors win. Since 1984, Morningstar, Inc. has been helping investors reach their financial goals. Our fiduciary duty to our principals is paramount.



**We're independent-minded.** To deliver results, we think it's necessary to invest with conviction, even when it means standing apart from the crowd. Our research shows that making decisions based on fundamental analysis, rather than short-term factors and sentiment, delivers better long-term investment results.



**We invest for the long term.** Taking a patient, long-term view helps people ride out the market's ups and downs and take advantage of opportunities when they arise. Investing with a multi decade horizon aligns with investors focus on increasing their purchasing power over their lifetimes. The long term is the only period where fundamental, valuation driven investing works.



**We're valuation-driven investors.** Anchoring decisions to an investment's fair value—or what it's really worth—can lead to greater potential for returns. Valuation-driven investing through a long-term focus on the difference between price and intrinsic value enables investors to get more than they're paying for.



**We take a fundamental approach.** Powerful research is behind each decision we hold, and we understand what drives each investment we analyse. Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.



**We strive to minimise costs.** Controlling costs helps investors build wealth by keeping more of what they earn. Investment returns are uncertain, but costs are not. Lower costs allow investors to keep more of their returns.



**We build portfolios holistically.** To help manage risk and deliver better returns, truly diversified portfolios combine investments with different underlying drivers. Portfolios should be more than the sum of their parts. True diversification can have a powerful impact on a portfolio's risk-adjusted returns – but simply holding more investments isn't the same as true diversification.

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