

Australian Shares Income Managed Account Portfolio

102017

Monthly Performance Update

All data and information as at Portfolio Date: 31/10/2017

Risk Profile: High
Inception: 31 August 2001
Management Fee: 0.65%
Investment Horizon: 7 Years

Investment Growth

Time Period: 01/08/2001 to 31/10/2017



Trailing Returns

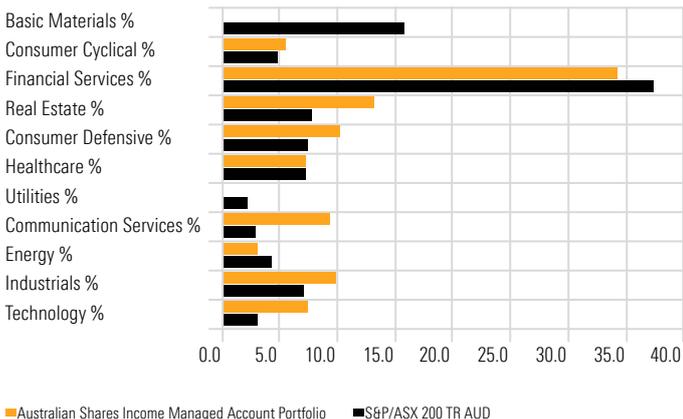
	10yr (% p.a)	5yr (% p.a)	3yr (% p.a)	1yr	3mth	1mth	Incp (% p.a)
Australian Shares Income	4.38	10.24	4.58	8.71	2.52	3.30	10.62
S&P/ASX 200 TR AUD	3.20	10.30	6.94	16.13	4.73	4.01	8.19

Past performance is not a reliable indicator of future performance. Returns over 12 months are annualised.

Risk Since Inception

	Std Dev	Max Drawdown	Beta
Australian Shares Income Portfolio	11.49	-46.34	0.71
S&P/ASX 200 TR AUD	12.75	-47.18	1.00

Sector Exposure



Notes:

- 1) Management fees can be negotiated and may be less than the standard management fee.
- 2) Investment performance is before tax and after the standard management fee of 0.65% (inclusive of GST). Investment performance represents modelled performance only and assumes income received is reinvested. An individual investor's performance will differ from the modelled performance depending on factors such as transaction timing, actual management fees, whether income is paid and any divergence from model portfolio weightings.

Investment Objective

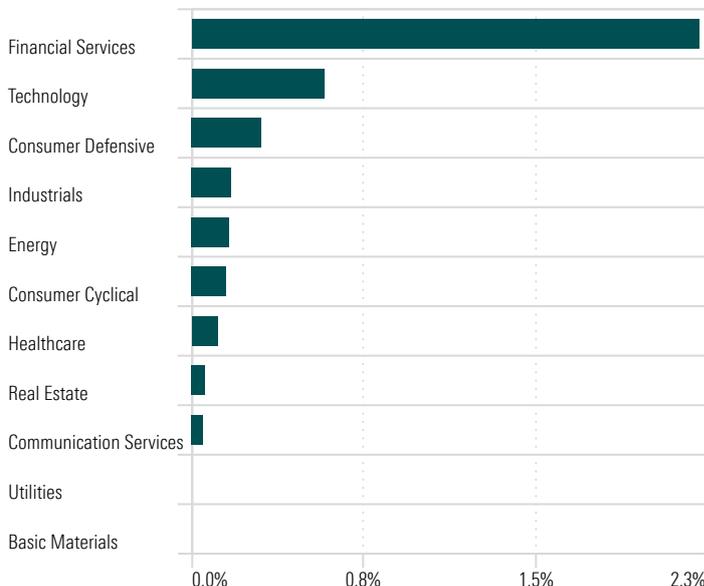
The Morningstar Australian Shares Income Portfolio aims to provide investors with greater risk-adjusted returns and a higher sustainable franked dividend yield relative to the S&P/ASX 200 Accumulation Index in the long term.

Investment Strategy

The portfolio is actively managed and concentrated consisting of ASX-listed stocks covered by Morningstar's large Equity Research team. Morningstar focusses portfolio exposure on companies with competitive advantages, a market price offering margin of safety, a sustainable dividend yield above the benchmark, and franking credits. This combination of factors helps to preserve capital and reduce volatility in various market environments.

Portfolio turnover is modest to minimise costs and further support after-tax performance. Morningstar Equity Research analysts' ratings, such as Fair Value Estimate, Economic Moat, and Valuation Uncertainty, are important inputs to the portfolio construction process. Total return will tend to be driven more by income than capital appreciation, although both are of course desirable.

Sector Contribution Over the Month



Portfolio Holdings

Franking (%) (est): 62.3% | Forecast Div Yield (%): 4.4%

	Morningstar Sector	Portfolio Weighting %
Cash Account	—	11.93
Medibank Private Ltd	Financial Services	5.98
Telstra Corp Ltd	Communication Services	5.70
Sydney Airport	Industrials	5.63
Platinum Asset Management Ltd	Financial Services	5.11
Wesfarmers Ltd	Consumer Defensive	5.08
Crown Resorts Ltd	Consumer Cyclical	4.90
Carsales.com Ltd	Technology	4.50
National Australia Bank Ltd	Financial Services	4.39
Vicinity Centres	Real Estate	4.24
Scentre Group	Real Estate	4.22
Coca-Cola Amatil Ltd	Consumer Defensive	3.90
Westpac Banking Corp	Financial Services	3.86
Commonwealth Bank of Australia	Financial Services	3.78
Sonic Healthcare Ltd	Healthcare	3.68
QBE Insurance Group Ltd	Financial Services	3.56
AMP Ltd	Financial Services	3.48
Westfield Corp	Real Estate	3.17
Brambles Ltd	Industrials	3.00
Virtus Health Ltd	Healthcare	2.67
Woodside Petroleum Ltd	Energy	2.63
Spark New Zealand Ltd	Communication Services	2.57
MYOB Group Ltd	Technology	2.02

About Morningstar

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

Morningstar's disciplined investment approach delivers objective, cost effective and holistic solutions for our clients – helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking comprehensive fundamental analysis of global asset classes and securities.



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.



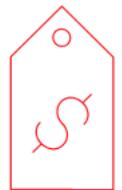
We're valuation-driven investors. Anchoring decisions to an investment's fair value—or what it's really worth—can lead to greater potential for returns.

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.