

# Conservative Managed Account Portfolio

(Previously Defensive Managed Account Portfolio)

# 082017

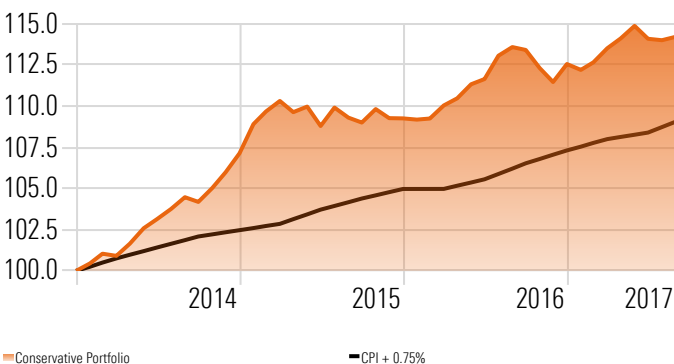
All data and information as at Portfolio Date: 31/08/2017

## Monthly Performance Update

**Risk Profile:** Low  
**Inception:** 20 December 2013  
**Management Fee:** 0.55%  
**Investment Horizon:** 2 Years

### Investment Growth

Time Period: 01/01/2014 to 31/08/2017



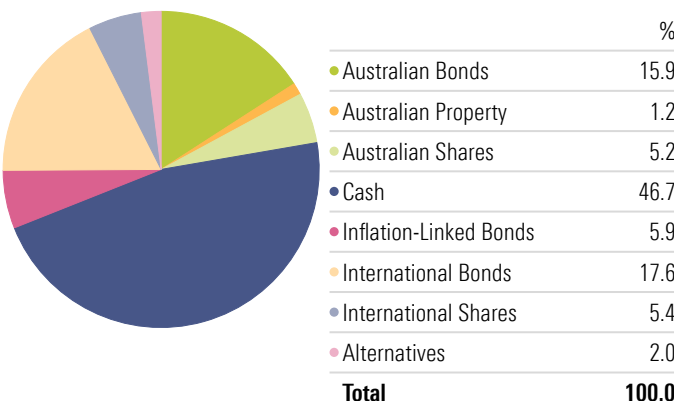
### Trailing Returns

	3yr (% p.a)	1yr	3mth	1mth	Incp (% p.a)
Conservative Portfolio	3.01	0.55	-0.57	0.18	3.69
CPI + 0.75%	2.30	2.68	0.74	0.31	2.39

### Risk Since Inception

	Std Dev	Max Drawdown	Sharpe Ratio
Conservative Portfolio	2.17	-1.87	0.66

### Asset Allocation



### Investment Objective

The Morningstar Conservative Portfolio aims to achieve a consistent income return by investing in a diversified portfolio of predominantly defensive asset classes, with a small proportion of growth assets. The portfolio aims to earn a rate of return that exceeds CPI increases by at least 0.75% per annum over rolling 2 year periods.

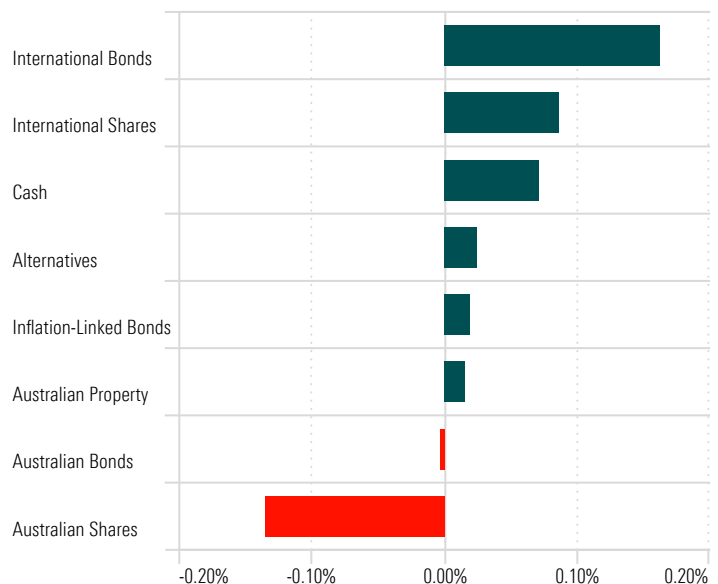
### Investment Strategy

An actively managed diversified portfolio of securities across both defensive asset classes, such as cash and fixed interest securities, and growth asset classes such as Australian equities, property and global securities.

In general, the portfolio's long term average exposure will be around 85% defensive assets and 15% growth assets, however the allocations will be actively managed within the allowable ranges depending on market conditions.

The portfolio is designed for investors seeking a consistent income return whilst preserving the value of their capital.

### Asset Class Contribution Over the Month



1) 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. 2) Investment performance is before tax and after the standard management fee of 0.55% (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. 3) The CPI was not available for the current period at the time of creation. CPI for the same period of previous year 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.



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**Portfolio Holdings**

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	<b>Asset Class Name</b>	<b>Portfolio Weighting %</b>
iShares Core Cash	Cash	23.26
Morningstar Intl Bonds Hedged Fund	International Bonds	17.65
BetaShares High Int Cash	Cash	16.27
iShares Core Composite Bond ETF	Australian Bonds	15.89
Cash Account	Cash	7.16
iShares Government Inflation ETF	Inflation-Linked Bonds	5.94
iShares MSCI Emerging Markets ETF (AU)	International Shares	2.43
Morningstar Multi Asset Real Return Fund Tr Z	Alternatives	2.01
iShares Europe ETF (AU)	International Shares	1.57
iShares MSCI Japan ETF (AU)	International Shares	1.43
Telstra Corp Ltd	Australian Shares	0.85
Brambles Ltd	Australian Shares	0.82
QBE Insurance Group Ltd	Australian Shares	0.71
Westfield Corp	Australian Property	0.67
Commonwealth Bank of Australia	Australian Shares	0.66
Medibank Private Ltd	Australian Shares	0.58
Ansell Ltd	Australian Shares	0.58
GPT Group	Australian Property	0.56
Coca-Cola Amatil Ltd	Australian Shares	0.51
Crown Resorts Ltd	Australian Shares	0.45

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**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.

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**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.

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**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.

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**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.

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**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.

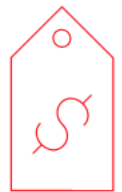
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**We take a fundamental approach.** Powerful research is behind each decision we hold, and we understand what drives each investment we analyse.

Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.

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**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.

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**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.