Morningstar High Growth Real Return Fund

Q22022

Quarterly Performance Update

All data and information as at Portfolio Date: 30/06/2022

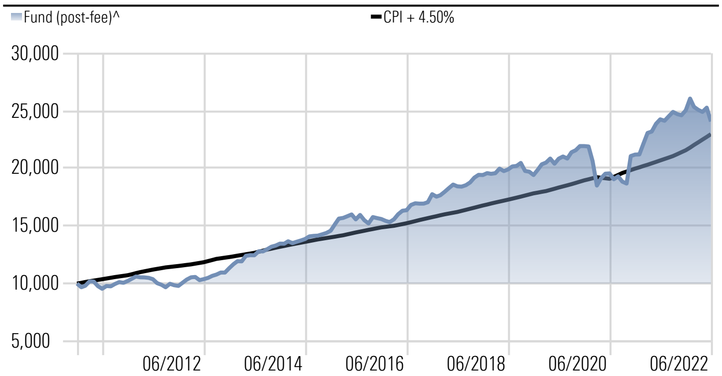
Risk Profile: High
Inception: 1 January 2010*
Size $m: 67.5
Unit Pricing: Daily
Distributions: Quarterly
Investment Horizon: 9 Years

Management Fees and Costs:** Up to 0.65%***
Performance Fees: 0.01%***
Transaction Costs: 0.00%***
Buy-Sell Spread: 0.13%/0.07%

Management Fees and Costs include Morningstar's management fee of 0.63% 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.

What's the purpose of this fund?

The Fund aims to earn a rate of return that exceeds inflation**** by at least 4.5% p.a. over rolling 9-year periods.

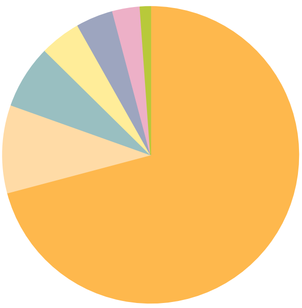


Past performance is not a reliable indicator of future performance.
Returns over 12 months are annualised.

How the investment portfolio has performed

	10yr (% p.a)	7yr (% p.a)	5yr (% p.a)	3yr (% p.a)	1yr (%)	3mth (%)	Since inception (% p.a)
Fund (post-fee)^	8.77	6.42	5.47	4.92	-0.78	-4.03	7.28
CPI + 4.50%^^	6.84	6.86	7.21	7.80	11.03	3.18	6.88

Quarter-end Asset Allocation



	%
International Shares	70.9
Australian Shares	9.6
Australian Bonds	6.9
Cash	4.5
Property & Infrastructure	4.0
Alternatives	3.0
International Bonds	1.1
Total	**100.0**

At a Glance

2022 has proven to be an increasingly challenging period for investors amid a backdrop of rising inflation, higher interest rates and ongoing geopolitical tensions. In recent weeks, inflation headwinds have worsened, with the latest U.S. inflation data fuelling concerns that we may be in for an inflationary period that is both more severe and of longer duration than previously anticipated. While this is important from an increased cost of living perspective, the knock-on implications on the outlook for interest rates have profoundly impacted both share and bond markets. Global shares, for example, are down around 18% (in aggregate and before adjusting for currency moves) calendar-year-to-date, while losses in key bond markets (which are just under 10%, over the same timeframe) are among the greatest falls seen in these asset classes in the past 80 years!

In this regard, the typical diversification relationship that we might expect (that would see bonds buffer sharemarket losses) has not held throughout much of 2022. Despite this, the portfolio has performed relatively well. In part, this reflects holding a lower weighting to U.S. shares (which have fallen by more than 20% so far in 2022, led lower by 'big tech' companies, including Apple, Google, Microsoft, Amazon & Meta), as well as, a much lower weighting to longer-dated bonds (which are more sensitive to rising interest rates). Interestingly, having experienced falls of this magnitude, these assets now represent much better value, and we have increased our weighting accordingly over the second quarter. In addition, some of the portfolio's more targeted positions, notably energy companies, have delivered exceptional returns, with the sector up almost 28% calendar-year-to-date, on the back of the surging oil price. Following this outperformance, we have moved to lock in some profits.

The risks (and fears) of a more dire economic scenario appear to have intensified, both globally and locally. Investors are concerned that to bring inflation back under control, Central Banks may need to aggressively raise interest rates, which risks tipping economies into a recession. Worse still is the potential for a return to a 1970s style 'stagflation' scenario, characterised by high inflation, high unemployment and no economic growth, which would understandably be a very difficult situation for the Reserve Bank of Australia (and the Australian government) to manage domestically. Granted, this specific inflation concern softened in the final days of the quarter, allowing shares and bonds to rally off their 2022 lows. Nonetheless, it highlights the challenge in the current environment, in that inflation and interest rates are notoriously difficult to predict, as are the actions of Central Banks. As such, while focusing on the worst potential outcome is natural, the reality may be very different. For this reason, the portfolio is constructed in such a way that it holds some assets that typically do well in an inflationary environment and others that we would expect to prosper should inflation expectations soften. With this in mind, while it remains an uncertain period, we continue to find opportunities to add attractively priced assets to the portfolio and believe that the portfolio is appropriately positioned to achieve its investment objective over time.

*The Fund's inception date used is 1 January 2010, the start of the full implementation of the Valuation Driven Asset Allocation process.
**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.
***All fees and costs are estimates for the 2021/22 financial year and are expressed as a percentage of net asset value of the Fund excluding accrued fees.
****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.
^Investment performance is before tax and after the standard management fee (inclusive of GST).
^^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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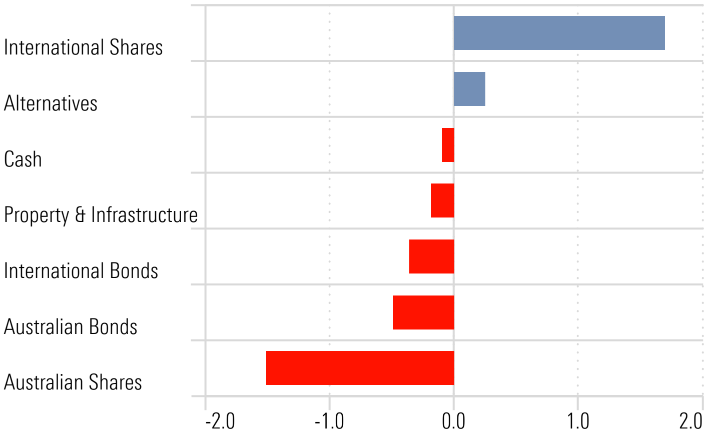
Information about the portfolio's performance

What drove portfolio performance over the past year?

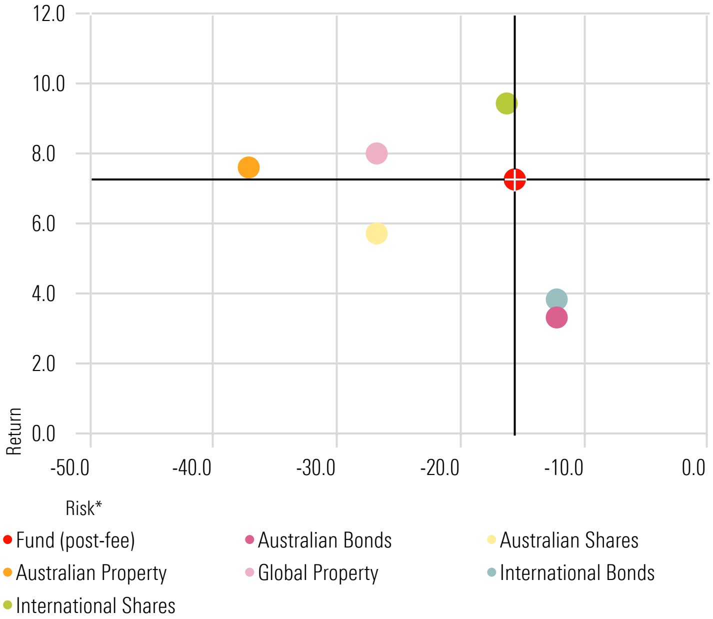


Actual outcomes may differ, as the chart has been prepared using a monthly 'buy and hold' approach.

This chart shows how the individual parts of the portfolio contributed to investment performance over the past year.

While it is important to understand how each asset class has contributed to overall performance, one year is a very short time in financial markets. Returns over such a short period are often heavily influenced by investor sentiment and are not necessarily indicative of longer-term outcomes. Morningstar encourages investors to consider this information in the context of achieving their longer-term goals

Risk versus reward since inception



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

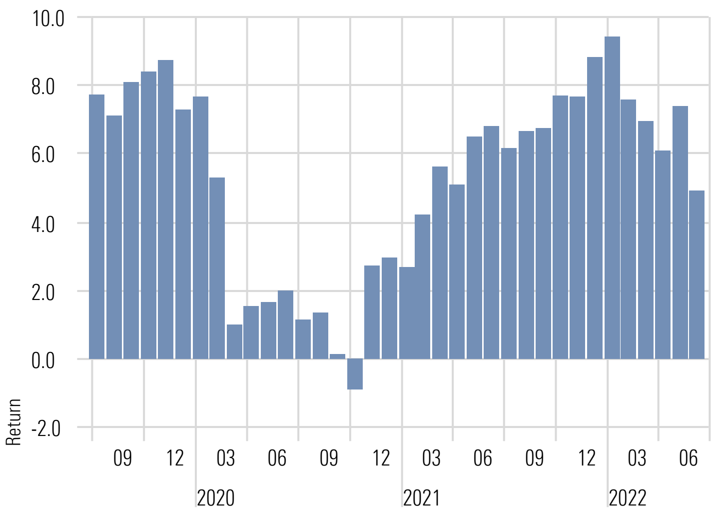
This chart shows how a number of investments have performance on average since full implementation of the Valuation Driven Asset Allocation process, which occured on 1 January 2010.

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.**

How stable have returns been? (Rolling 3 year returns)

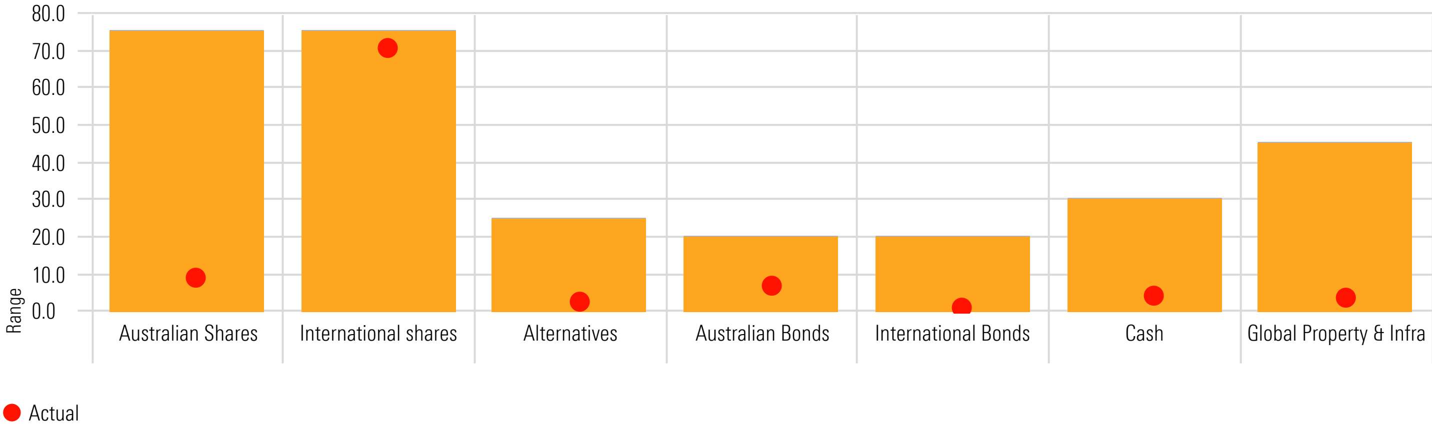


This chart shows the annual performance of the portfolio over rolling 3 year periods – e.g. your average annual return for each of the three years for any given month. In other words, this chart shows that the portfolio has delivered consistent positive returns over longer-term periods.

Long-term investing helps you ride out the market's ups and downs. It also lets you take advantage of opportunities that arise due to other investors making short-term, emotion-led investment decisions (e.g. irrationally selling investments at the first sign of fear and uncertainty).

Information about what the portfolio is invested in

How asset allocation is positioned vs the allowable ranges

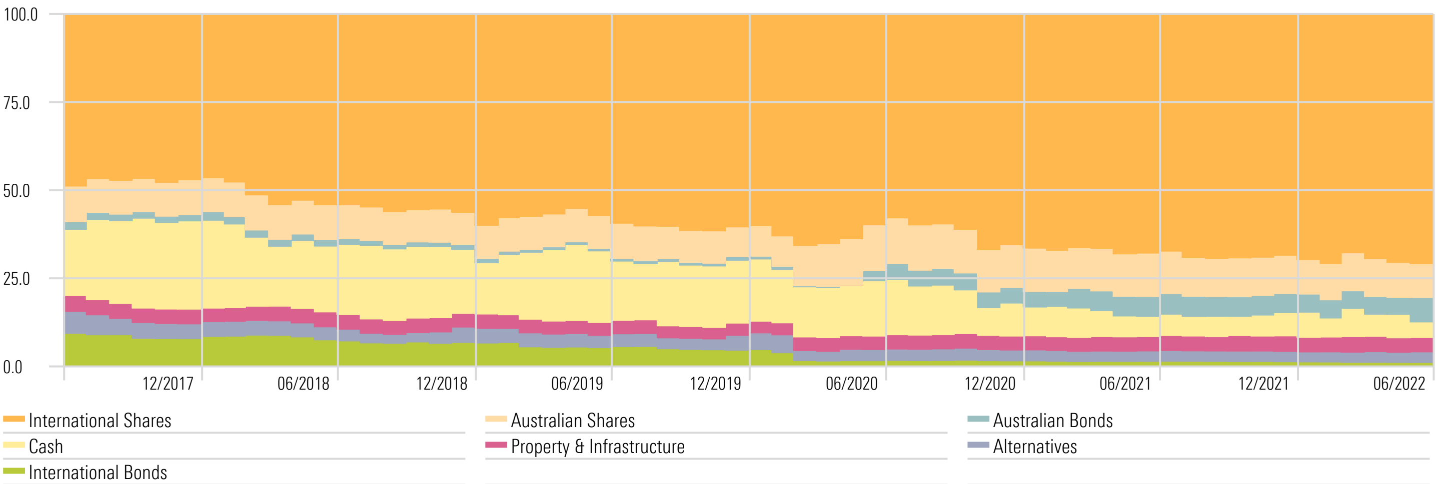


The above chart shows the current breakdown of how the portfolio is invested.

A key difference in Morningstar's approach is that we use wide asset class ranges when constructing the portfolio. This means that we have the flexibility to invest in an asset class (e.g. shares, bonds and property) only if it makes sense to do so. If the reward isn't worth the risk, we can avoid the asset class and hold higher levels of cash, in wait for better opportunities to arise.

Asset Allocation over 5 years %

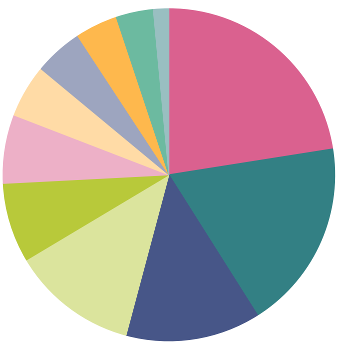
Time Period: 1/07/2017 to 30/06/2022



This chart shows how the portfolio positioning has changed over time in accordance with our valuation driven asset allocation process.

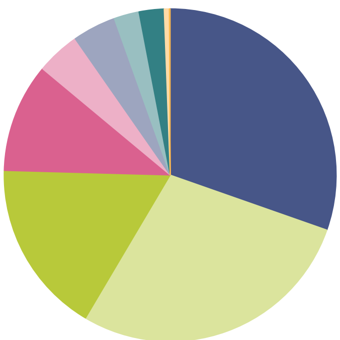
The portfolio has the flexibility to move towards opportunities that offer the best reward for risk (and away from those that we deem to be less attractive). As you can see, Morningstar's valuation driven approach has seen the portfolio positioning change over time, as we take advantage of prevailing investment opportunities to position the portfolio for longer term returns.

Equity Sector Exposure



	%
Financials	22.5
Communication Services	18.5
Energy	13.1
Consumer Discretionary	12.3
Industrials	7.7
Information Technology	6.7
Healthcare	5.2
Materials	4.7
Consumer Staples	4.1
Real Estate	3.6
Utilities	1.5
Total	**100.0**

Equity Regional Exposure



	%
North America	30.4
Europe dev	28.2
United Kingdom	16.9
Australasia	10.6
Japan	4.3
Latin America	4.2
Asia emrg	2.5
Asia dev	2.4
Africa	0.5
Europe emrg	0.1
Total	**100.0**

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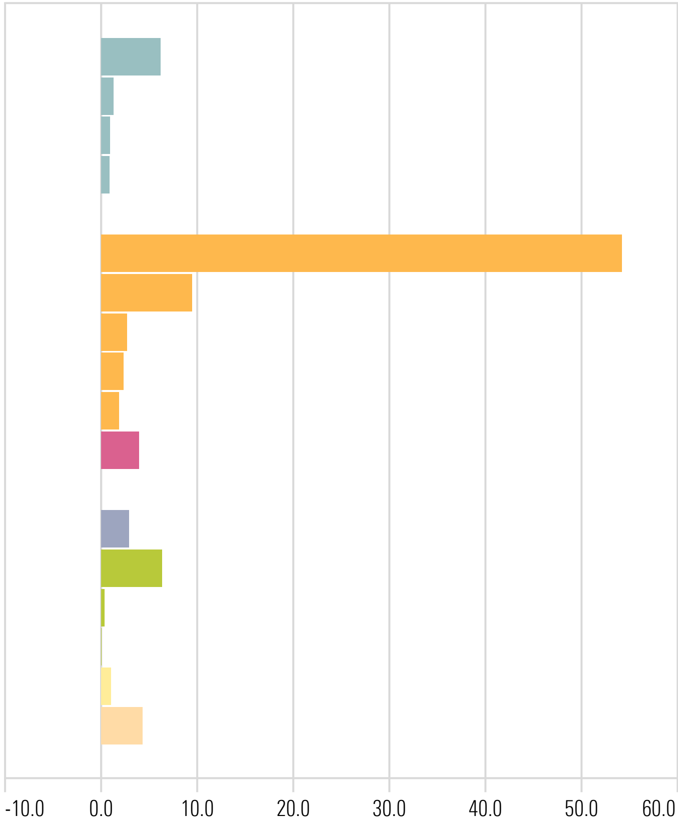
Information about who manages the fund

Fund Holdings

	%
Australian Shares - Morningstar	6.3
Australian Shares - Vinva	1.3
Australian Shares - Allan Gray Australia	1.0
Australian Shares - Platypus	0.9
Australian Shares - Others	0.0
International Shares - Morningstar	54.3
International Shares - Marathon	9.5
International Shares - iShares (ETF)	2.8
International Shares - Others*	2.4
International Shares - Sands Capital	1.9
Global Property & Infrastructure - Morningstar	4.0
Global Property & Infrastructure - Others	0.0
Alternative Investments - Diversified Alternatives	3.0
Australian Bonds - Morningstar	6.4
Australian Bonds - Metrics	0.4
Australian Bonds - Others	0.1
International Bonds - Ashmore	1.1
Cash - Others*	4.4
Total	**100.0**



*Others can include futures, liquidity and transition cash, other exchange traded funds and direct stocks. Further information on the underlying holdings of the fund is available by contacting your financial adviser or Morningstar.

Top equity holdings

Top 20 holdings: 20.82%   Other: 79.18%

	Portfolio Weighting %	Country	Sector
Stock	**20.82**		
TotalEnergies SE	1.61	FRA	Energy
BP PLC	1.52	GBR	Energy
Shell PLC	1.43	GBR	Energy
Lloyds Banking Group PLC	1.42	GBR	Financials
BT Group PLC	1.23	GBR	Communication Services
Vodafone Group PLC	1.19	GBR	Communication Services
Credit Suisse Group AG	1.12	CHE	Financials
Alibaba Group Holding Ltd Ordinary Shares	1.08	CHN	Consumer Discretionary
Compass Group PLC	1.06	GBR	Consumer Discretionary
Citigroup Inc	0.99	USA	Financials
Wells Fargo & Co	0.94	USA	Financials
AXA SA	0.91	FRA	Financials
Barclays PLC	0.85	GBR	Financials
Tencent Holdings Ltd	0.83	CHN	Communication Services
ING Groep NV	0.83	NLD	Financials
Telefonica SA	0.81	ESP	Communication Services
Orange SA	0.76	FRA	Communication Services
KBC Group SA/NV	0.75	BEL	Financials
Banco Santander SA	0.74	ESP	Financials
Julius Baer Gruppe AG	0.74	CHE	Financials

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.