

Morningstar Diversified Alternatives Fund

04 2017

All data and information as of April 30, 2017

Monthly Performance Update

APIR Code (Class A)	INT0095AU
Inception	28 Nov 2007
Size \$m	55.5
Unit Pricing	Daily
Distributions	Quarterly
Management Fee	Up to 1.025%
Buy/Sell Spread	0.28% / 0.28%
Minimum Investment	\$20,000

Investment Objective

To maximise outperformance relative to the benchmark (Bloomberg AusBond Bank Bill Index) over rolling five year periods.

Investment Strategy

A diversified and actively managed Fund that is predominantly exposed to alternative investments. The Fund is designed to provide liquid, risk-controlled, cost-effective exposure and is intended to complement share and bond portfolios. This Fund gains this exposure through managed funds, listed investment companies, exchange traded funds and/or derivatives. To implement this strategy, Morningstar may design portfolios and/or appoint managers to manage the assets of the Fund.

Key Features

Low equity correlation

Diversified portfolio

Low risk

Daily liquidity

Portfolio Manager Craig Stanford

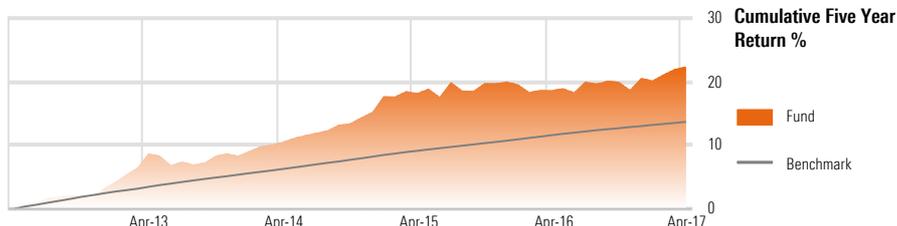
Performance Fee³ 10.25% of returns in excess of benchmark plus 2% pa

Class A Unit Price (Redemption)⁵ 0.67198

Class B Unit Price (Redemption)⁵ 0.69047

Class Z Unit Price (Redemption)⁵ 0.70366

Performance¹



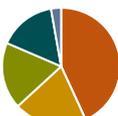
Total Return %	1 Month	3 Months	6 Months	1 Year	3 Years (pa)	5 Years (pa)
Fund (Net of Fees)	0.32	1.84	2.02	3.14	3.45	4.13
Benchmark	0.15	0.43	0.88	1.88	2.27	2.60
Active Return	+0.18	+1.40	+1.14	+1.26	+1.18	+1.53

Portfolio Analysis²

Asset Allocation Range %

Long/Short Strategies	(0 - 50)
Systematic and Factor Strategies	(0 - 25)
Cash	(0 - 20)
Macro Strategies	(0 - 50)
Global Listed Infrastructure	(0 - 50)
Listed Private Equity	(0 - 15)
Commodities	(0 - 15)
Insurance Linked Securities	(0 - 50)
Equity Volatility	(0 - 15)
Alternative Debt	(0 - 25)
Other	(0 - 15)

Actual Asset Allocation %



Long/Short Strategies	43.2
Systematic and Factor Strategies	19.9
Cash	18.4
Macro Strategies	15.7
Global Listed Infrastructure	2.8
Listed Private Equity	0.0
Commodities	0.0
Insurance Linked Securities	0.0
Equity Volatility	0.0
Alternative Debt	0.0
Other	0.0

Notes

1. Performance measures are expressed after fees, costs and before taxes. Performance may not sum due to the rounding of individual components.

2. Allocations may not add up to 100% due to the rounding of individual components.

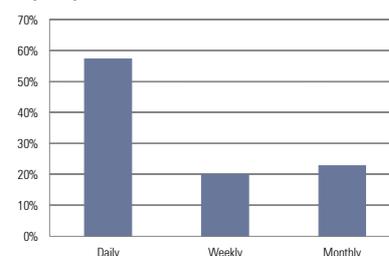
3. The Management and Performance fees are inclusive of GST (after taking into account Reduced Input Tax Credits) and can be negotiated for direct investors. Refer to the current disclosure document for more information on fees and costs.

4. Please refer to the Product Disclosure Statement on the Morningstar website for more information on how to apply. If you are investing via a retail IDPS or other wrap platform, please refer to the guide provided by the IDPS operator for the applicable investment minimum.

5. Please refer to the Product Disclosure Statement for the calculation methodology of the unit prices.

6. Morningstar does not use leverage to magnify the returns from the Fund. However the underlying investments of the Fund may be leveraged.

Liquidity Profile of Portfolio Assets



The Fund has Exposure to a Range of Investments

Global Listed Infrastructure: A defensive portfolio of global listed utility and infrastructure companies.

Macro Strategies: Investment in the Morningstar Global Trading Strategies Fund. The portfolio includes macro hedge funds that identify opportunities based on the analysis of economic variables.

Long/Short Strategies: Event driven and hedged equity funds that identify opportunities based on the analysis of individual companies.

Insurance-Linked Securities: Diversified exposure to lower-risk insurance-linked securities related to natural extreme events.

Systematic and Factor Based Strategies: Strategies that are based on the fundamental drivers of asset prices implemented in a systematic manner. For example, alternative beta.

Listed Private Equity: A diversified global portfolio of listed private equity funds and managers.

Equity Volatility: Exposure to expected equity market volatility.

Alternative Debt: Exposure to a portfolio of US dollar and local currency debt instruments issued by sovereign, quasi-sovereign and corporate issuers.

Cash: Short-term cash deposits, cash equivalent securities, and currency overlays.

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.



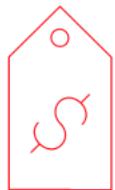
We're valuation-driven investors. Anchoring decisions to an investment's fair value — or what it's really worth — can lead to greater potential for returns.

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.