

# Multi Asset Managed Portfolios

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## What Is A Multi Asset Managed Portfolio?

An investment portfolio that invests across a range of asset classes (such as Australian shares, international shares, Australian and international bonds, listed property, infrastructure, alternative investments and cash), using a range of investment types (such as direct shares, ETFs and managed funds).

At Morningstar, our starting point is research - by having a comprehensive understanding of asset class valuations and investment fundamentals, we create portfolios that go beyond just a collection of individual investments.

The investments within our multi asset portfolios work together *holistically* to achieve a clear investment objective. Importantly, we actively manage the portfolios to meet client risk and return objectives throughout their investment time horizon. This provides your clients with a truly diversified investment solution that best preserves their savings and increases their wealth.





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## Better Investment Outcomes For Your Clients

Morningstar is unique as an investment manager - everything starts with our unparalleled access to investment data and research. We are able to use these data and research insights to build portfolios specifically made for the task at hand; helping your clients achieve their financial goals, whilst integrating seamlessly with your business.

Every portfolio is constructed from scratch, closely managed and focused on meeting its specific objective.

“We’ve delivered better investment outcomes for our investors, with our Managed Funds outperforming the majority of competitors over 1, 3, 5, 7 and 10 years with less risk<sup>1</sup>. In-depth, unbiased research carried out by our well-resourced and highly experienced global analyst team means we can drill deeper into every single investment before deciding whether it has a place in our managed portfolios or not.”

Andrew Lill, Chief Investment Officer,  
Morningstar Investment Management, Asia Pacific

Our suite of multi asset managed portfolios showcases this approach, giving you choice in terms of investment style, objective and implementation method (managed fund or managed account). Here, we outline this suite so you can decide which solution is the best fit for your business and your clients.

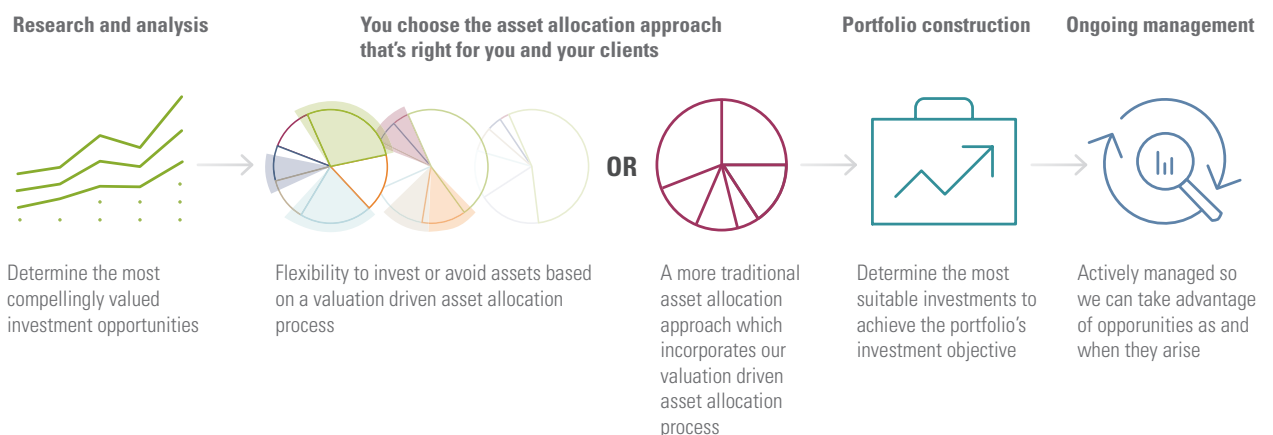
<sup>1</sup>Source: Morningstar Australian Multi-Sector Peer Category Averages. As at 30 September 2016.

# Integrating With Your Business

Our suite of multi asset managed portfolios provides a diversified investment solution that integrates seamlessly with your business.

We have managed portfolios for advisers wanting closer adherence to a traditional strategic asset allocation framework, as well as options for advisers and clients who are comfortable with a more flexible asset allocation approach (Refer Diagram 1).

**Diagram 1**



## Morningstar Multi Asset Managed Portfolios

With a broad range of portfolios available in each series, you can choose the right portfolio based on your clients' financial goals.

	<b>Real Return Managed Funds</b>	<b>Multi-Asset Managed Accounts</b>	<b>Diversified Managed Funds</b>
For advisers...			
...with high net worth clients	✓	✓	✓
...looking for cost-effective solutions	✓	✓	✓
...with clients with lower account balances	✓	✗	✓
...with a more traditional asset allocation framework	✗	✗	✓
...with clients requiring annual or infrequent review cycles	✓	✗	✓
...with 'high-touch' clients requiring regular engagement	✓	✓	✓
...requiring the highest level of portfolio transparency	✗	✓	✗
...requiring a level of customisation	✗	✓	✗
...wanting to remove the need to issue SoAs/RoAs for portfolio changes	✓	✓	✓
...wanting to avoid the need to buy and sell individual stocks	✓	✓	✓

# Achieving Your Clients' Financial Goals

We put investors first. At every step, we come back to this principle. Here's how:

## Putting your client's investment objectives first:

**Our goal** is to help your clients achieve their financial goals by producing more consistent returns with less risk. By aiming to produce more consistent returns, your clients will be given the peace of mind they need in order to help them stay the course and reach their financial goals.

**Capital Preservation:** We think about risk the way you and your clients do. We define risk as losing money that can't be made back. Based on this definition of risk, we've designed an investment approach aligned to the needs of investors – with the aim of preserving their savings and growing their wealth.

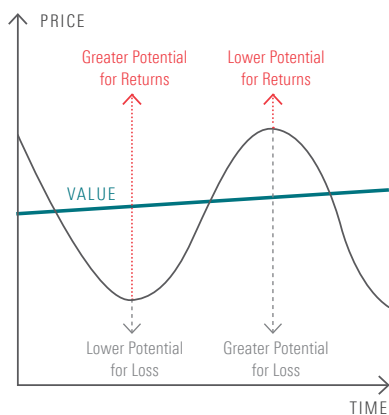
**Valuation driven:** The foundation of our investment process involves the continuous analysis of asset class valuations using our Valuation Driven Asset Allocation framework. This means we establish which asset classes are undervalued and overvalued, relative to their 'fair value' (Refer Diagram 2).

In practical terms, we're seeking to invest in assets that are cheap or undervalued, as opposed to the expensive or overvalued ones. But it's not just about value. We want to be sure that the assets we hold are of good quality (Refer Diagram 3). We do this by undertaking comprehensive research to understand the fundamental drivers behind each investment. Our approach preserves your clients savings by avoiding over-valued assets, which typically results in more consistent returns with lower risk.

## Diagram 2

### Value = Greater Potential For Returns

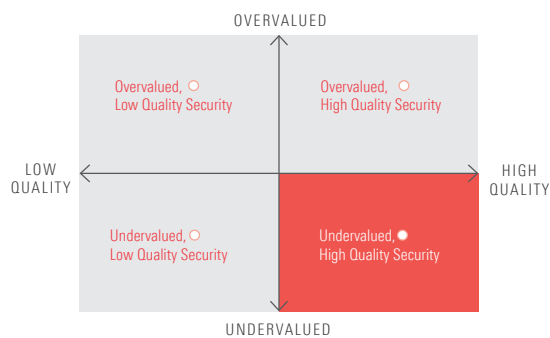
The potential for return is greater and potential for loss is lower if an asset is cheap, or currently undervalued by the market. If you buy an asset that's expensive or overvalued, we see that as high risk, as you can see on the right hand side of this chart (above the VALUE line).



## Diagram 3

### Quality + Value = Greater Potential For Sustainable Returns

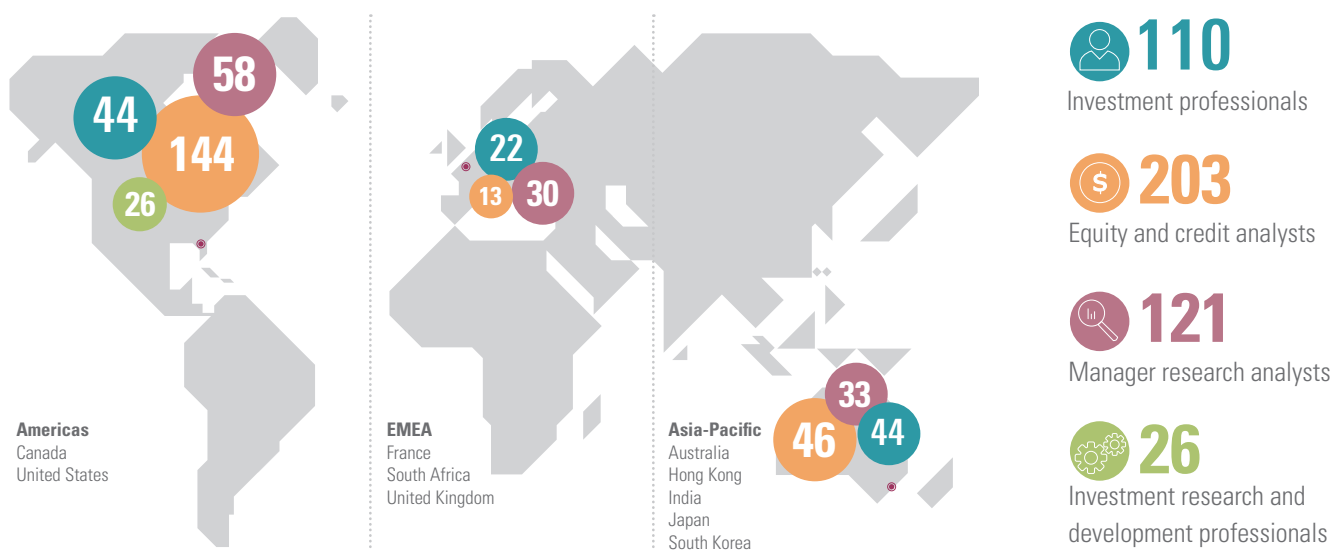
After we have scored a stock in terms of value, we then determine which are high-quality companies. As you can see in the chart below, securities can be high quality, but overvalued. To be held in our managed accounts, we're looking for securities with both a high Morningstar Quality and Value score, as shown by the red quadrant.



# Expertise You And Your Clients Know And Trust

**Over A\$260 billion<sup>1</sup>**

Assets under management and advisement worldwide



● Morningstar office with investment management responsibilities - 'investment hubs'

<sup>1</sup>As at 30 September 2016

Morningstar is a leading provider of independent investment research. Financial advisers and other investment professionals turn to Morningstar for research, analysis and investments.

Drawing from our global resources, Morningstar Investment Management have developed a range of managed portfolios. Financial advisers use the portfolios to help clients reach their financial goals.

Each portfolio we create is built for the long term and managed with a keen eye on risk. Our managed portfolio services can help enhance your investment offerings, strengthen client relationships and streamline your business.

Together, we bring your clients the best of both worlds: a plan that you've tailored to their goals with the advantages of professional portfolio management.

## **Global Investment Management, Local Expertise**

Our investment professionals share an international perspective that is informed by local-market knowledge and guided by consistent global principles to craft solutions that cater to the unique needs of their markets. Our Australian team includes experienced portfolio managers, dedicated asset-allocation specialists and an in-house investment operations team, fostering cohesive and agile decision-making.



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### Want to get in touch?

Let's work together to define your clients' investment needs.

Speak to your local Relationship Manager by calling us on  
(02) 9276 4550.

Morningstar Investment Management 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. We advise and manage funds for superannuation funds, institutions, financial advisers and individual investors.

Morningstar Investment Management is part of Morningstar Inc. a listed company (NASDAQ: MORN) and leading provider of independent investment research in North America, Europe, Australia, and Asia. We offer an extensive line of products and services and have 4,000+ employees across more than 27 countries; managing and advising on more than A\$260 billion globally (as at 30 September 2016).