Australian Shares Small Cap Managed Account Portfolio

042018

All data and information as at Portfolio Date: 30/04/2018

Monthly Performance Update

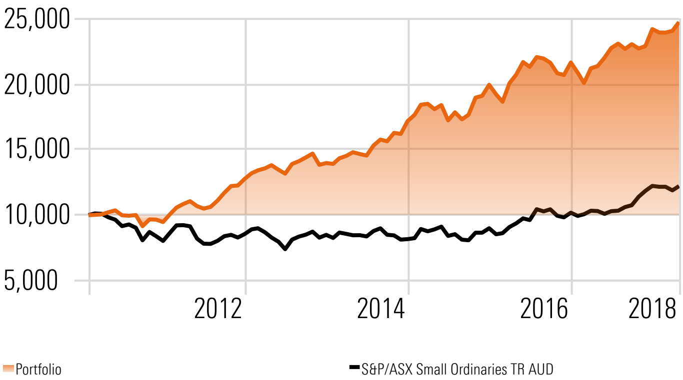
Risk Profile: Very High
Inception: 28 February 2011
Management Fee: 0.85%
Investment Horizon: 7 Years

Investment Objective

The objective of the Morningstar Australian Shares Small Cap Portfolio aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over a complete cycle.

Investment Growth

Time Period: 1/02/2011 to 30/04/2018



Investment Strategy

This is an actively managed concentrated portfolio consisting of Morningstar's best small cap ideas outside of the S&P/ASX 100 with sufficient liquidity. Portfolio holdings primarily consist of companies trading at attractive discounts to intrinsic value relative to the portfolio universe. All else equal, Morningstar also strives to own companies with economic moats as high quality companies tend to outperform with reduced volatility.

Total return will tend to be driven by both capital appreciation and dividend yield with the mix dependent on the opportunities available.

Trailing Returns

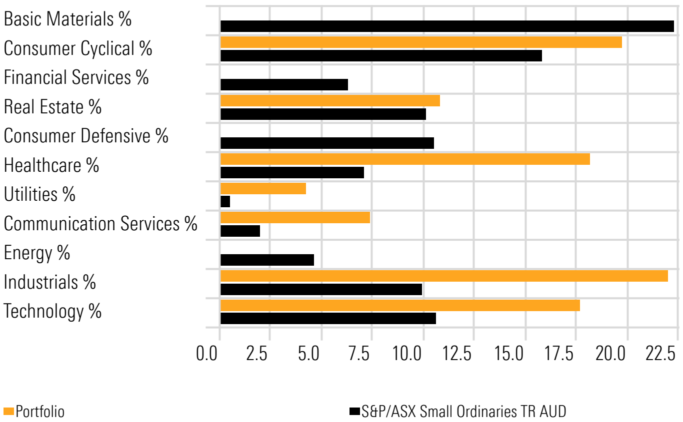
	5yr (% p.a)	3yr (% p.a)	1yr	3mth	1mth	Incp (% p.a)
Portfolio	12.35	10.99	15.73	3.33	2.80	13.30
S&P/ASX Small Ordinaries TR AUD	8.05	11.07	18.45	0.44	2.75	2.80

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

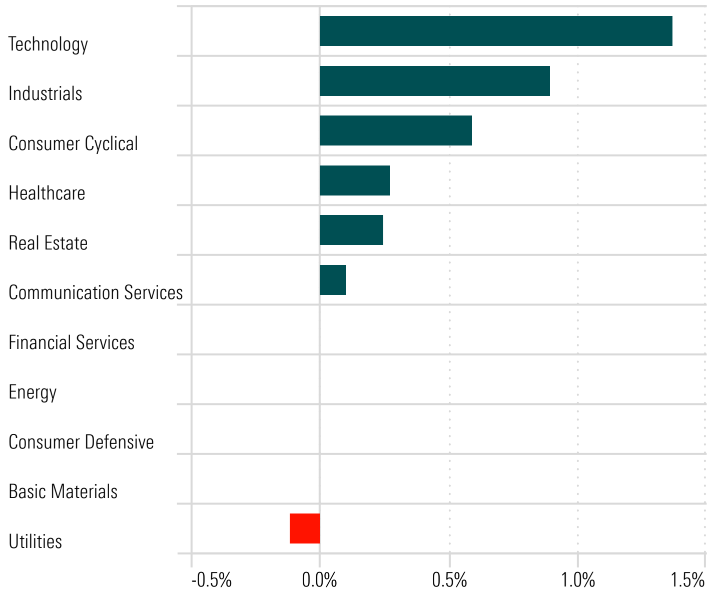
Risk Since Inception

	Std Dev	Max Drawdown	Beta
Portfolio	11.11	-11.63	0.59
S&P/ASX Small Ordinaries TR AUD	14.18	-26.88	1.00

Sector Exposure



Sector Contribution Over the Month



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 0.85% (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.

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Portfolio Holdings

	Morningstar Sector	Portfolio Weighting %
Cash Account	—	9.713
OFX Group Ltd	Industrials	8.909
Xero Ltd	Technology	7.133
Nine Entertainment Co. Holdings Ltd	Consumer Cyclical	6.935
Tox Free Solutions Ltd	Industrials	6.234
Virtus Health Ltd	Healthcare	5.808
Sigma Healthcare Ltd	Healthcare	5.094
SkyCity Entertainment Group Ltd	Consumer Cyclical	5.018
Auckland International Airport Ltd	Industrials	4.664
MYOB Group Ltd	Technology	4.006
Ainsworth Game Technology Ltd	Consumer Cyclical	3.960
ALE Property Group	Real Estate	3.945
Hotel Property Investments	Real Estate	3.906
Mercury NZ Ltd	Utilities	3.860
Chorus Ltd	Communication Services	3.380
Greencross Ltd	Healthcare	3.368
Trade Me Group Ltd	Technology	3.292
Spark New Zealand Ltd	Communication Services	3.273
Australian Pharmaceutical Industries Ltd	Healthcare	2.150
Folkestone Education Trust	Real Estate	1.919
iSentia Group Ltd	Technology	1.566
Automotive Holdings Group Ltd	Consumer Cyclical	1.240
Myer Holdings Ltd	Consumer Cyclical	0.628

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.