

Australian Shares Small Cap Managed Account Portfolio

072018

Monthly Performance Update

All data and information as at Portfolio Date: 31/07/2018

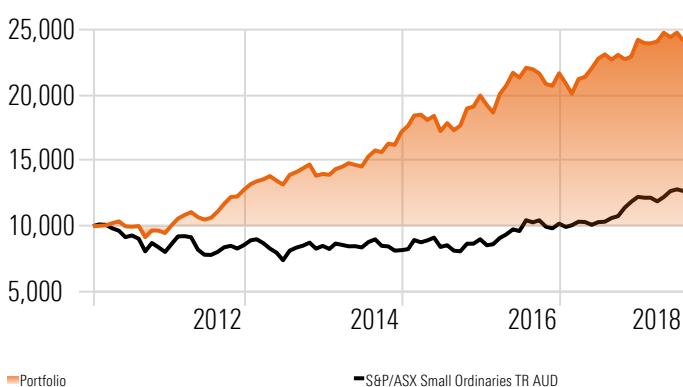
Risk Profile: Very High
Inception: 28 February 2011
Management Fee: 0.85%
Investment Horizon: 7 Years

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 31/07/2018



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

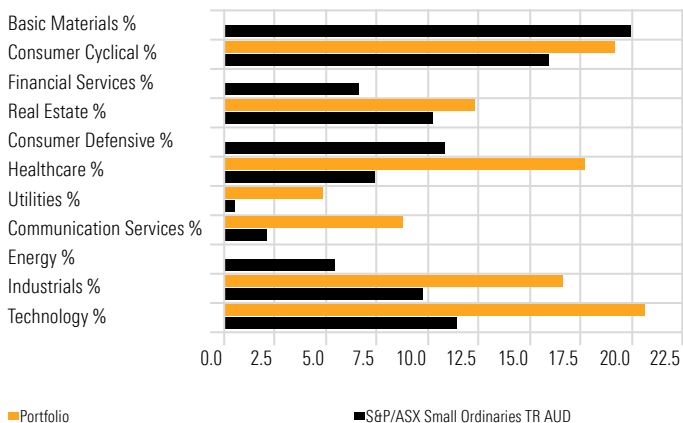
	5yr (% p.a)	3yr (% p.a)	1yr	3mth	1mth	Incp (% p.a)
Portfolio	11.63	10.55	4.44	-2.51	-2.53	12.44
S&P/ASX Small Ordinaries TR AUD	9.27	14.03	22.58	3.74	-1.01	3.20

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

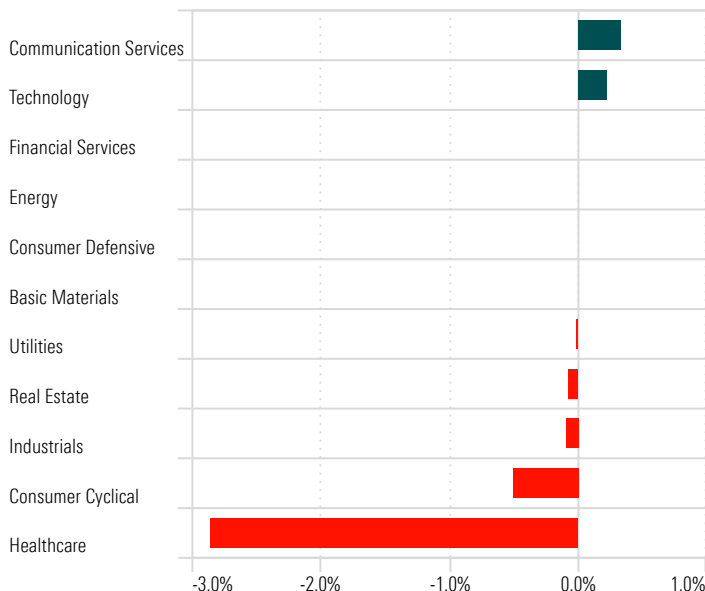
Risk Since Inception

	Std Dev	Max Drawdown	Beta
Portfolio	11.04	-11.63	0.58
S&P/ASX Small Ordinaries TR AUD	14.01	-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.



Portfolio Holdings

	Morningstar Sector	Portfolio Weighting %
Cash Account	—	16.747
OFX Group Ltd	Industrials	8.821
Xero Ltd	Technology	8.221
Nine Entertainment Co. Holdings Ltd	Consumer Cyclical	6.742
Virtus Health Ltd	Healthcare	5.917
SkyCity Entertainment Group Ltd	Consumer Cyclical	5.004
Auckland International Airport Ltd	Industrials	4.978
Hotel Property Investments	Real Estate	4.170
ALE Property Group	Real Estate	4.155
Mercury NZ Ltd	Utilities	4.046
MYOB Group Ltd	Technology	3.951
Spark New Zealand Ltd	Communication Services	3.694
Chorus Ltd	Communication Services	3.635
Trade Me Group Ltd	Technology	3.441
Sigma Healthcare Ltd	Healthcare	3.299
Greencross Ltd	Healthcare	2.767
Australian Pharmaceutical Industries Ltd	Healthcare	2.747
Ainsworth Game Technology Ltd	Consumer Cyclical	2.410
Folkestone Education Trust	Real Estate	1.869
iSentia Group Ltd	Technology	1.584
Automotive Holdings Group Ltd	Consumer Cyclical	1.026
Myer Holdings Ltd	Consumer Cyclical	0.777

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.

This document is issued by Morningstar Investment Management Australia Limited (ABN 54 071 808 501, AFS Licence No. 228986) ('Morningstar'). © Copyright of this document is owned by Morningstar and any related bodies corporate that are involved in the document's creation. As such the document, or any part of it, should not be copied, reproduced, scanned or embodied in any other document or distributed to another party without the prior written consent of Morningstar. The information provided is for general use only. In compiling this document, Morningstar has relied on information and data supplied by third parties including information providers (such as Standard and Poor's, MSCI, Barclays, FTSE). Whilst all reasonable care has been taken to ensure the accuracy of information provided, neither Morningstar nor its third parties accept responsibility for any inaccuracy or for investment decisions or any other actions taken by any person on the basis or context of the information included. Past performance is not a reliable indicator of future performance. Morningstar does not guarantee the performance of any investment or the return of capital. Morningstar warns that (a) Morningstar has not considered any individual person's objectives, financial situation or particular needs, and (b) individuals should seek advice and consider whether the advice is appropriate in light of their goals, objectives and current situation. Before making any decision about whether to invest in a financial product, individuals should obtain and consider the disclosure document. For a copy of the relevant disclosure document, please contact our Adviser Distribution Team on 02 9276 4550.