

# Morningstar Medalist Core Balanced (50)

## Managed Account Portfolio

# 022024

All data and information as at Portfolio Date: 02/02/24

Morningstar Investment Management Australia

For Financial Adviser Use Only

### Trade Update

#### *At a glance ....*

Morningstar has made changes to the Morningstar Medalist Core Portfolios in February. The changes are designed to reflect our best ideas from an asset allocation, manager selection and manager allocation perspective while adhering to our approach to active/passive optimisation, i.e., only taking an active manager risk where the odds are in our favour to achieve a suitable level of alpha over the medium term.

#### *Portfolio action*

Security	Previous Weighting	New Weighting	Increase / Decrease
<b>International Shares</b>			
GQG Partners Global Equity AUD Hedged	4.6%	4.0%	-0.6%
<b>Property and Infrastructure</b>			
MFG Core Infrastructure	4.5%	4.1%	-0.4%
iShares Global Listed Property Idx Hdg S	4.0%	4.7%	0.7%
<b>Cash</b>			
iShares Core Cash ETF	7.9%	9.0%	1.1%

#### *Rationale*

The portfolio maintains a slight overweight to defensive assets relative to growth assets, with a skew that is essentially the same as our last portfolio changes. The positioning reflects our view of relative valuations and recent equity market strength.

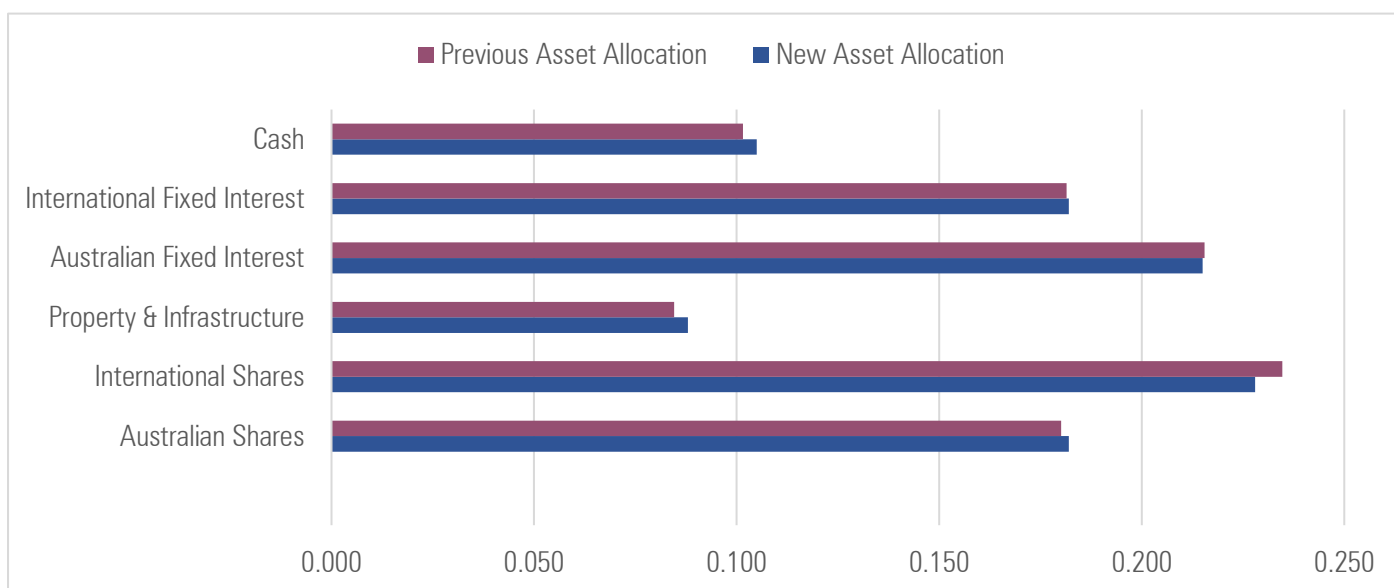
We have not adjusted our Australian and global fixed interest positions, though have shifted funds into cash by decreasing exposures elsewhere in the portfolio due to outperformance of the other asset classes. As a result, we are still maintaining an overweight to both Australian and global bonds, and an underweight to cash relative to the strategic asset allocation weights. Cash increases are in response to attractive running yields relative to bonds, while the overweight to Australian and global bonds provides benchmark duration exposure and subsequent portfolio protection, with current valuations appearing reasonably attractive.

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation, though this valuation gap continues to shrink. We've elected to maintain the current Australian equity positioning, though have marginally reduced the portfolio exposure to GQG Partners Global Equity AUD Hedged (Gold) in the global equity sleeve on the back of strong performance. Global equities maintain a slight overweight while Australian equities is still slightly underweight relative to the strategic asset allocation weights.

There were marginal changes to manager weights, shifting funds from MFG Core Infrastructure Fund (Silver) to iShares Global Listed Property Index Fund (Hedged) (Bronze). The result is a marginal underweight relative to the strategic asset allocation, though a skew in favour of REITs over infrastructure on the basis of relative valuations.

## Portfolio Post Changes

Security	Previous Asset Allocation	New Asset Allocation
<b>Australian Shares</b>	<b>18.0%</b>	<b>18.2%</b>
Fidelity Australian Equities	8.5%	8.5%
Schroder WS Australian Equity Fund - WC	6.8%	6.7%
Platypus Australian Eqs Fd Instl Units	2.7%	3.0%
<b>International Shares</b>	<b>23.5%</b>	<b>22.8%</b>
MFS Global Equity Trust II - I Hedged	6.5%	6.6%
GQG Partners Global Equity AUD Hedged	4.6%	4.0%
Capital Group New Perspective (AU)	6.6%	6.5%
Barrow Hanley Global Share S	5.7%	5.7%
<b>Property and Infrastructure</b>	<b>8.5%</b>	<b>8.8%</b>
MFG Core Infrastructure	4.5%	4.1%
iShares Global Listed Property Idx Hdg S	4.0%	4.7%
<b>Australian Fixed Interest</b>	<b>21.6%</b>	<b>21.5%</b>
Janus Henderson Tactical Income	3.7%	3.5%
Vanguard Australian Fixed Interest ETF	17.9%	18.0%
<b>International Fixed Interest</b>	<b>18.1%</b>	<b>18.2%</b>
iShares Global Bond Index	13.1%	13.2%
Bentham Global Income	5.1%	5.0%
<b>Cash</b>	<b>10.2%</b>	<b>10.5%</b>
Bloomberg AusBond Bank 0+Y TR AUD	2.3%	1.5%
iShares Core Cash ETF	7.9%	9.0%



All changes are consistent with Morningstar's long-term SAA where we prefer:

- Global equity over Australian equity.
- Australian bonds over global bonds.
- A balanced allocation to investment styles.
- To have return diversification from sources other than alternative strategies.

In all changes, we have considered portfolio balance, diversification, the risk adjusted return outlook for asset classes and portfolio turnover/trading costs.

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