

Morningstar Medalist Core Growth (70)

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
Australian Shares			
DNR Capital Australian Emerging Coms	2.7%	3.0%	0.3%
International Shares			
GQG Partners Global Equity AUD Hedged	6.7%	6.0%	-0.7%
Capital Group New Perspective (AU)	8.6%	8.0%	-0.6%
Property and Infrastructure			
iShares Global Listed Property Idx Hdg S	5.6%	6.3%	0.7%
Australian Fixed Interest			
Vanguard Australian Fixed Interest ETF	13.6%	14.2%	0.6%

Rationale

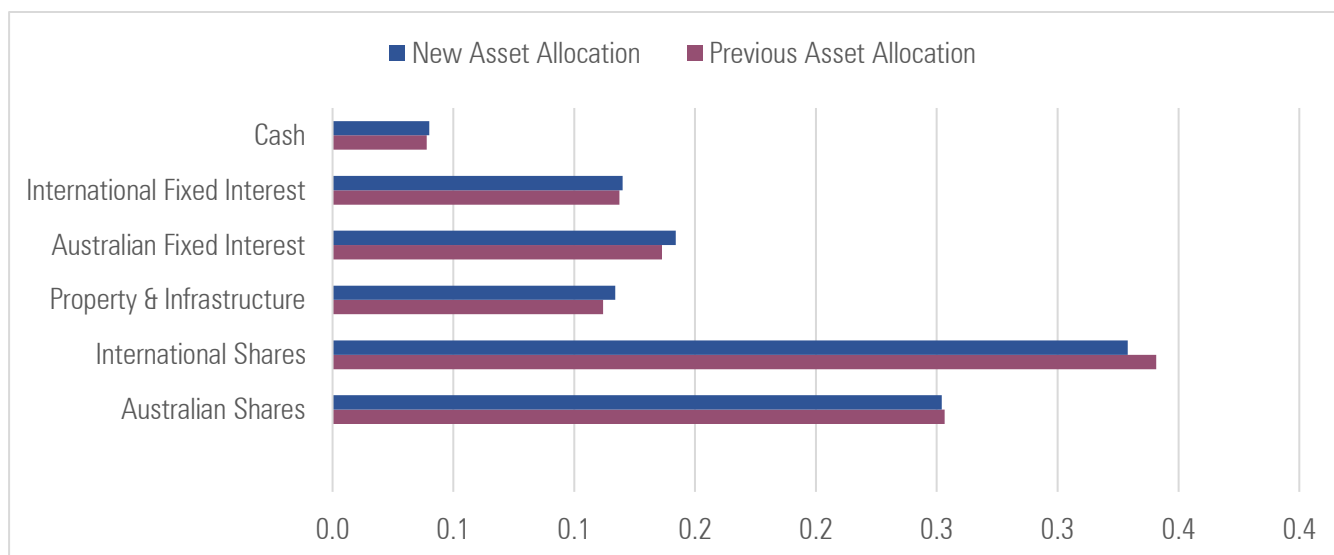
The portfolio maintains a slight overweight to defensive assets relative to growth assets, with a skew that is essentially the same as our last portfolio changes. The positioning reflects our view of relative valuations and recent equity market strength.

We have modestly adjusted our Australian fixed interest positions given the recent strong returns, shifting funds into Vanguard Australian Fixed Interest Index (Gold) by decreasing exposures elsewhere in the portfolio. We are broadly in line with the target weights for both Australian and global bonds, though slightly overweight cash relative to the strategic asset allocation weights. 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 increase the portfolio exposure to DNR Capital Australian Emerging Companies (Silver) given the relative value of small caps versus large caps and have marginally reduced the portfolio exposure to GQG Partners Global Equity AUD Hedged (Gold) and Capital Group New Perspective (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 in property and infrastructure, shifting funds into iShares Global Listed Property Index Fund (Hedged) (Bronze) by decreasing exposures elsewhere in the portfolio. 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
Australian Shares	25.3%	25.2%
Fidelity Australian Equities	9.8%	9.8%
Schroder WS Australian Equity Fund - WC	9.0%	8.8%
Platypus Australian Eqs Fd Instl Units	3.8%	3.6%
DNR Capital Australian Emerging Coms	2.7%	3.0%
International Shares	34.1%	32.9%
MFS Global Equity Trust II - I Hedged	8.9%	8.9%
GQG Partners Global Equity AUD Hedged	6.7%	6.0%
Capital Group New Perspective (AU)	8.6%	8.0%
Barrow Hanley Global Share S	7.7%	7.7%
Vanguard FTSE Emerging Markets Shrs ETF	2.2%	2.3%
Property and Infrastructure	11.2%	11.7%
MFG Core Infrastructure	5.6%	5.4%
iShares Global Listed Property Idx Hdg S	5.6%	6.3%
Australian Fixed Interest	13.6%	14.2%
Vanguard Australian Fixed Interest ETF	13.6%	14.2%
International Fixed Interest	11.9%	12.0%
iShares Global Bond Index	7.8%	8.0%
Bentham Global Income	4.0%	4.0%
Cash	3.9%	4.0%
Bloomberg AusBond Bank 0+Y TR AUD	1.6%	1.6%
iShares Core Cash ETF	2.3%	2.4%



- 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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