

Morningstar Medalist Core High Growth (90)

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			
Fidelity Australian Equities	11.8%	12.0%	0.2%
DNR Capital Australian Emerging Coms	3.6%	4.0%	0.4%
Platypus Australian Eqs Fd Instl Units	7.0%	6.6%	-0.4%
International Shares			
GQG Partners Global Equity AUD Hedged	8.2%	7.8%	-0.4%
Capital Group New Perspective (AU)	11.2%	10.6%	-0.6%
Barrow Hanley Global Share S	9.4%	9.5%	0.1%
Vanguard FTSE Emerging Markets Shrs ETF	2.5%	3.0%	0.5%
Property and Infrastructure			
MFG Core Infrastructure	7.2%	6.7%	-0.5%
iShares Global Listed Property Idx Hdg S	7.2%	7.8%	0.6%
iShares Global Listed Property Idx Hdg S	0.07	0.08	0.01

Rationale

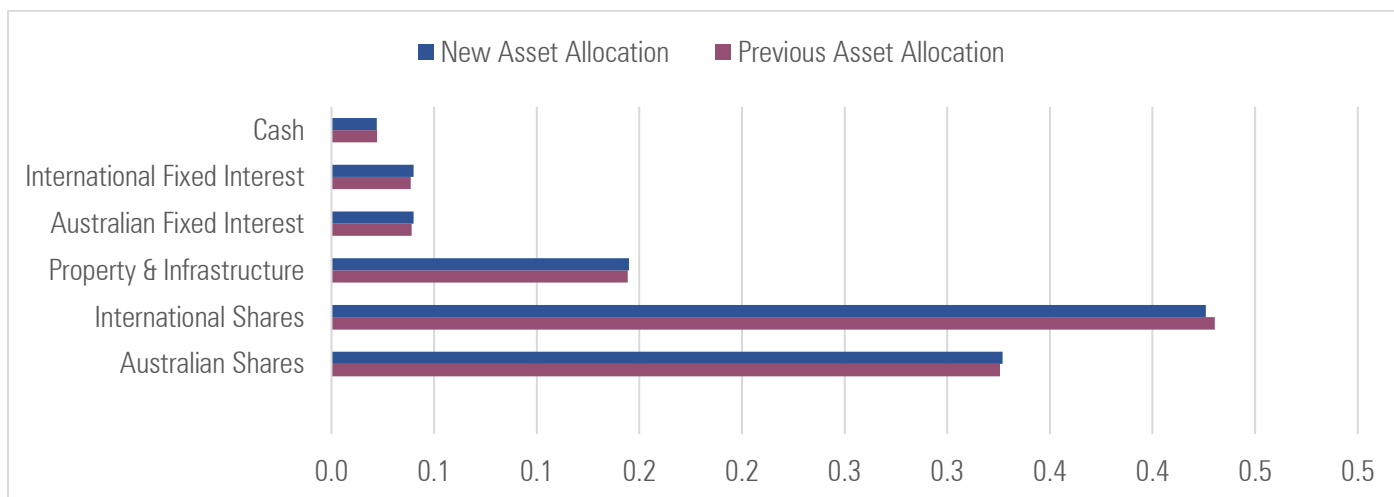
The portfolio maintains a slight overweight to defensive assets relative to growth assets, with a skew that is essentially the same as our last portfolio changes. The positioning reflects our view of relative valuations and recent equity market strength.

We 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 Fidelity Australian Equities (Gold) in the Australian equity sleeve, as well as DNR Capital Australian Emerging Companies (Silver) given the relative value of small caps versus large caps. We've also reduced the exposure to Platypus Australian Equities (Bronze) given the managers strong performance. The global equity exposures have been adjusted by reducing exposure to GQG Partners Global Equity AUD Hedged (Gold) and Capital Group New Perspective (Gold) on the back of strong performance, as well as MFS Global Equity Trust II - I Hedged (Gold). The emerging market exposure was also increased given the recent underperformance and our views on valuations, via the Vanguard FTSE Emerging Markets Shares ETF (Bronze). 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 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 Allocation	New Allocation
Australian Shares	32.6%	32.7%
Fidelity Australian Equities	11.8%	12.0%
Schroder WS Australian Equity Fund - WC	10.1%	10.1%
Platypus Australian Eqs Fd Instl Units	7.0%	6.6%
DNR Capital Australian Emerging Coms	3.6%	4.0%
International Shares	43.0%	42.6%
MFS Global Equity Trust II - I Hedged	11.8%	11.7%
GQG Partners Global Equity AUD Hedged	8.2%	7.8%
Capital Group New Perspective (AU)	11.2%	10.6%
Barrow Hanley Global Share S	9.4%	9.5%
Vanguard FTSE Emerging Markets Shrs ETF	2.5%	3.0%
Property and Infrastructure	14.4%	14.5%
MFG Core Infrastructure	7.2%	6.7%
iShares Global Listed Property Idx Hdg S	7.2%	7.8%
Australian Fixed Interest	3.9%	4.0%
Vanguard Australian Fixed Interest ETF	3.9%	4.0%
International Fixed Interest	3.9%	4.0%
iShares Global Bond Index	3.9%	4.0%
Cash	2.2%	2.2%
AUD Cash	2.2%	2.2%



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.

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