

## PORTFOLIOS SUMMARY

# Morningstar Medalist Core

Morningstar's best research ideas inside an optimised active-passive portfolio range

**The Medalist Core Portfolio range is designed for Australian investors who:**

Are looking to access a diversified multi-manager portfolio that aligns with their risk profile and long-term investment needs. These portfolios are intended to make up the core of a client's investment portfolio where the intention is to access the suite of Morningstar's investment capabilities in manager research, asset allocation, investment selection and portfolio construction. There is a strong focus on risk-adjusted returns in a fee competitive offering.

Morningstar's trusted independent fund research, alongside our global portfolio construction capabilities, are now captured in the Morningstar Medalist Core portfolios.



## **About Morningstar's Investment Management Group**

Morningstar Investment Management Australia Limited is part of Morningstar, Inc., a stock exchange listed company (NASDAQ: MORN) with over 9,500 employees across wholly or majority owned subsidiaries in 32 countries. We are a leading provider of investment management, asset allocation, portfolio construction and investment research services with over 35 years' experience; managing and advising on billions of dollars globally. Pension funds, banks, institutions, financial advisers and other investment professionals turn to us for analysis and investment solutions.

## What could make the Medalist Core Portfolios right for you and your clients?

- Deliver the best of Morningstar's unique set of capabilities across independent fund research, asset allocation, capital markets research and portfolio construction in an implemented solution
- A range of easy to understand, implemented portfolios across a broad set of risk profiles aligned to Morningstar's Strategic Asset Allocation
- An efficient portfolio that reduces the administrative burden
- Active management for asset classes where out-performance is reasonably likely, and passive where it isn't
- Where your clients are seeking a portfolio made up of highly rated managed funds & ETFs
- Competitive fees

## Why Invest in This Portfolio?



### Global Research & Resources

Draw on the global resources and experience of Morningstar's independent research and investment management capabilities to access a professionally managed portfolio.



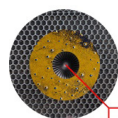
### Access to Independent Fund Research

To achieve your financial goals with a diversified portfolio of highly rated fund managers, selected on investment merit and designed to complement each other in a portfolio.



### A Total Portfolio Solution

The Multi-Manager Managed Account structure gives you access to specialist professional investment management capability for each asset class, efficiently combined and optimised into a whole of portfolio solution.



### Efficiency

Reduced paperwork and delays with access to investment opportunities.

## What are you invested in?

Portfolios typically consist of a mix of daily priced, managed funds or ETFs, spread across different asset classes and investment managers. Asset allocation and manager selection is managed with a strong focus on risk and continually reviewed by Morningstar to respond to market conditions within our long-term investment approach.

## How is the portfolio managed?

We invest your money with the following in mind:

### Access to Independent Fund Research

The extensive capabilities of Morningstar's Manager Research team are used to identify the preferred managers in each asset class using our Morningstar Medalist Rating™ system. Morningstar Investment Management then selects from the pool of medal rated funds to determine a blend that balances the attractiveness of each investment with its overall contribution to the total portfolio risk and return.

### Active-Passive Optimisation

We seek to optimise the portfolio's exposure to active and passive managers. Within each asset class, we assess the probability of active management delivering out-performance. Where our analysis shows this to be less likely, we opt for passive management. This approach supports achievement of the portfolio's long-term objectives while providing investors with a competitively priced overall solution. The outperformance reward we demand from more volatile asset classes is higher than less volatile ones.

### Cost Effective

Aside from employing Active vs Passive optimisation, portfolios are continually reviewed and changes are made as appropriate, taking into account the cost versus benefit. Consistent with Morningstar's principle of investing for the long term, turnover of underlying managers within the portfolio is kept to a minimum, avoiding changes for changes sake. Managers are selected and measured over the appropriate time horizon for their strategy.

### Long-Term Perspective

The portfolio is constructed around a strategic asset allocation (SAA) process based on the objectives of the strategy. While efficient over the long term, Morningstar believes markets are inefficient over the short to medium term. Using our valuation driven investment approach, asset allocations will be tilted around SAA, allowing us to benefit from mispricing and avoid risks improving long-term risk-adjusted outcomes for investors.

### Focus on Risk Management

The best practice process relies on holdings-based construction, which looks through the underlying funds to their holdings and measures asset class and risk exposures from the individual holding level. This results in a total portfolio approach to portfolio construction and enhances our understanding of risk and return drivers.

## Morningstar Manager Research

Comprises an Australian team of research analysts, as part of a 130+ strong Global analyst team and their proprietary technology capability that combs through the investment landscape to find and analyse leading managers within each asset class.

## Who is managing the investment?

By drawing on the combined research, experience and track records of Morningstar Manager Research and Morningstar Investment Management, the portfolio brings together our power houses in research, investment data and investment management.

### Morningstar Investment Management:

Everything you've come to expect from our tried and tested investment approach, investing in carefully selected assets to help deliver on your clients' investment objective.

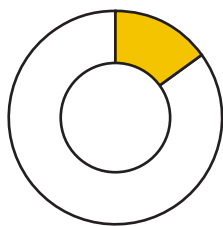


## Portfolio Specific Information

### MORNINGSTAR MEDALIST CORE

## Conservative Portfolio

The primary objective is stability of income and capital. A lower risk of capital loss can be expected, but overall returns are also likely to be lower.



⊙ Defensive 85% ● Growth 15%

### 3<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 3-year periods.

#### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

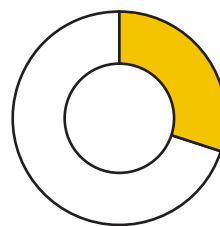
#### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.286% p.a.
Post-rebate	0.217% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	0.561% p.a.
Post-rebate	0.492% p.a.

### MORNINGSTAR MEDALIST CORE

## Moderate Portfolio

The primary objective is to maintain stable returns. The portfolios are prepared to accept a low to medium risk of capital loss to achieve this objective.



⊙ Defensive 70% ● Growth 30%

### 3<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 3-year periods.

#### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

#### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.362% p.a.
Post-rebate	0.280% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	0.637% p.a.
Post-rebate	0.555% p.a.

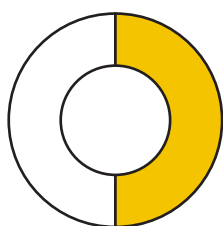
It is important to understand the risks involved in investing in the portfolio, your tolerance to these risks, and your investment time horizon. For further information about the risks of investing in the portfolio, please refer to the disclosure document. \*Fee includes GST but not Recipient Input Tax Credits (RITC). Depending on the administration platform used to access these portfolios, RITC will be credited to the investor account up to the value of 75% of the GST payable. See the Platform PDS for more information. <sup>^</sup>Approximate fee including GST but not Recipient Input Tax Credits (RITC). Depending on the administration platform used to access these portfolios, RITC will be credited to the investor account up to the value of 75% of the GST payable. Morningstar look for opportunities to negotiate the use of lower fee share class funds where these are made available to us by fund managers. Some however may not be available depending on your chosen platform and, where these are not available, we have rebate arrangements in place. See the Platform PDS for more information.

## Portfolio Specific Information

### MORNINGSTAR MEDALIST CORE

## Balanced Portfolio

The primary objective is to maintain stable returns. The portfolios are prepared to accept a medium risk of capital loss to achieve this objective.



⊙ Defensive 50% ● Growth 50%

# 5<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 5-year periods.

#### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

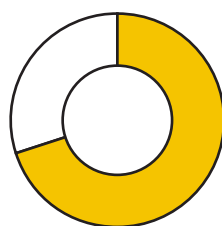
#### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.469% p.a.
Post-rebate	0.351% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	0.744% p.a.
Post-rebate	0.626% p.a.

### MORNINGSTAR MEDALIST CORE

## Growth Portfolio

The primary objective is to achieve balanced returns to meet their medium to long term financial goals. The portfolios are prepared to accept a medium to high risk of capital loss to achieve this objective.



⊙ Defensive 30% ● Growth 70%

# 7<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 7-year periods.

#### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

#### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.606% p.a.
Post-rebate	0.460% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	0.881% p.a.
Post-rebate	0.735% p.a.

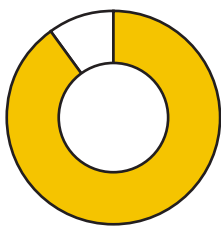
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## Portfolio Specific Information

### MORNINGSTAR MEDALIST CORE

## High Growth Portfolio

The primary objective is to accumulate assets by targeting capital growth over the long term. The portfolios are prepared to accept a high risk of capital loss to achieve this objective.



⊙ Defensive 10% ● Growth 90%

## 9<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 9-year periods.

### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

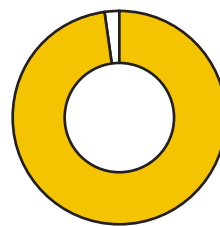
### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.721% p.a.
Post-rebate	0.543% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	0.996% p.a.
Post-rebate	0.818% p.a.

### MORNINGSTAR MEDALIST CORE

## All Growth Portfolio

The primary objective is to achieve diversification across asset classes, investment strategies and styles. The portfolios are prepared to accept a high risk of capital loss to achieve this objective.



⊙ Defensive 2% ● Growth 98%

## 10<sup>+</sup> years

To deliver outperformance of the asset weighted benchmark over rolling 10-year periods.

### ASSET WEIGHTED BENCHMARK

Calculated as the SAA multiplied by the relevant asset class benchmark.

### FEES (INC GST)

<b>Investment management fee*</b>	0.275% p.a.
<b>Fees and costs - underlying investments<sup>^</sup></b>	
Pre-rebate	0.760% p.a.
Post-rebate	0.584% p.a.
<b>Total fee<sup>^</sup></b>	
Pre-rebate	1.035% p.a.
Post-rebate	0.859% p.a.

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## To Find Out More

- 1800 951 999
- [AUAdviserSolutions@morningstar.com](mailto:AUAdviserSolutions@morningstar.com)
- [mstar.me/MedalistPortfolios](https://mstar.me/MedalistPortfolios)



For more information on the portfolio including its strategy, fees, product features, benefits and risks, please speak to your adviser.

