

Asset Allocation themes¹

Asset class	Change	New AA
Australian Equities	—	9.5%
International Equities	—	7.0%
Property & Infrastructure	—	0.0%
Australian Bonds	—	38.3%
International Bonds	—	19.4%
Alternatives/Other	—	2.2%
Cash	—	23.6%

Growth vs Defensive splits¹

Assets	Change	New Split
Growth	—	17.6%
Defensive	—	82.4%

¹ May not sum to 100.0% due to rounding.
Morningstar Investment Management considers Alternatives/Other to be 50% Growth / 50% Defensive assets.

About Morningstar Investment Management Australia

Morningstar Investment Management Australia is a global leader in asset allocation and multi-asset portfolio construction.

Morningstar's long-term, valuation-driven approach is underpinned by an emphasis on preserving capital and undertaking analysis of global asset classes and securities. We invest with the client in mind, delivering holistic and cost-effective investment solutions, helping them to meet their investment goals.

At a glance

- The portfolio continues to perform relatively well, in a challenging environment. Key behind this has been the performance of **global energy companies**, which have rallied strongly on the back of the surging oil price. Following these gains, we take the opportunity to lock in some profits.
- Elsewhere, concerns around inflation (which has seen expectations around the future level of interest rates rise sharply) have led to falls in global sharemarkets. With this, **global shares** (in aggregate) now represent much better value and we have increased our weighting accordingly.

Portfolio action

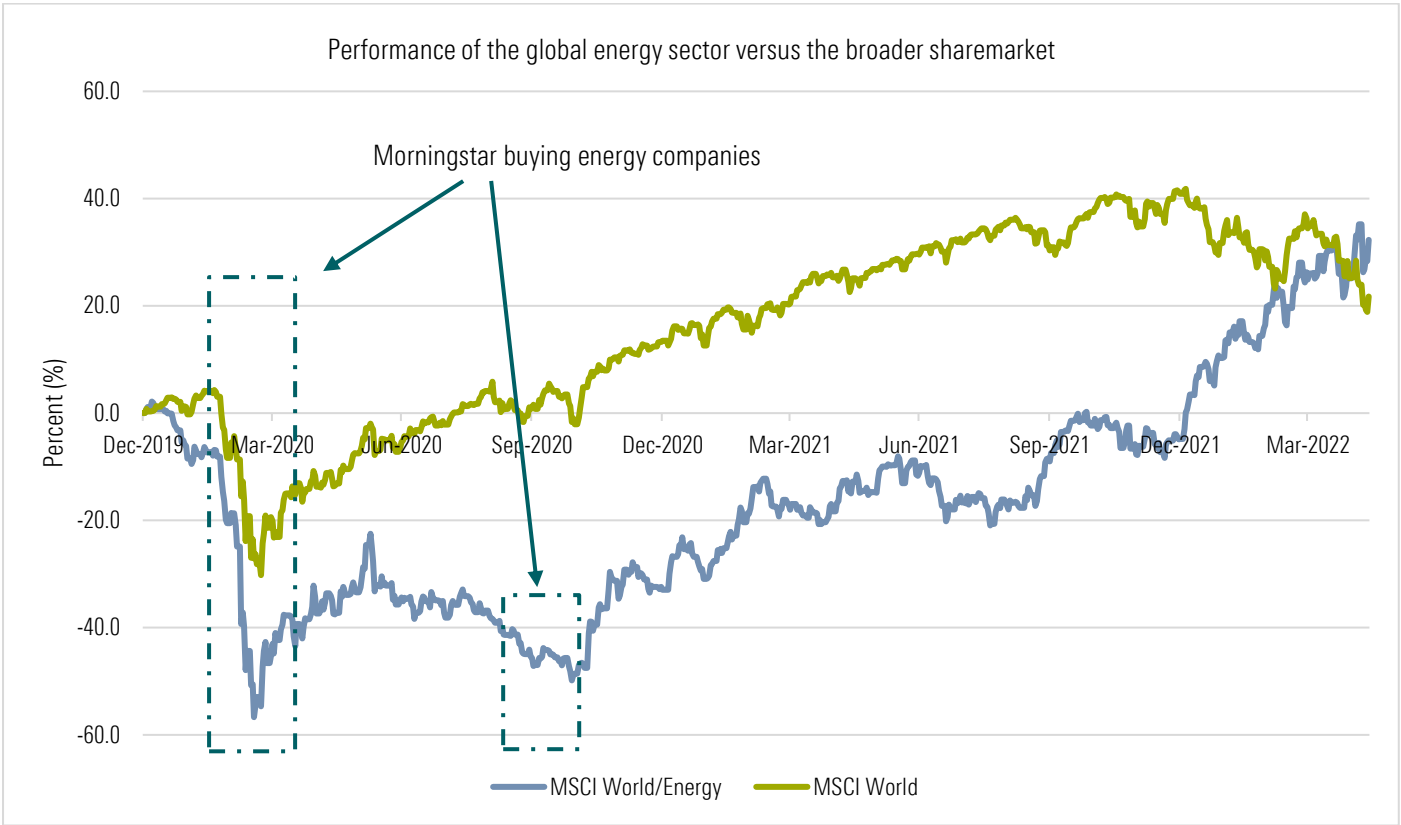
We have exited our investment in global energy companies in favour of an increased allocation to broad international sharemarkets:

Security	Security/ APIR Code	Current Weighting	New Weighting	Increase / Decrease ²
International Shares		7.0%	7.0%	0.0%
iShares Core MSCI World (Ex Australia) ESG Leaders ETF	IWLD-AU	0.0%	1.5%	1.5%
BetaShares Global Energy Companies ETF (AUD Hedged)	FUEL-AU	1.5%	0.0%	-1.5%

² May not sum due to rounding.

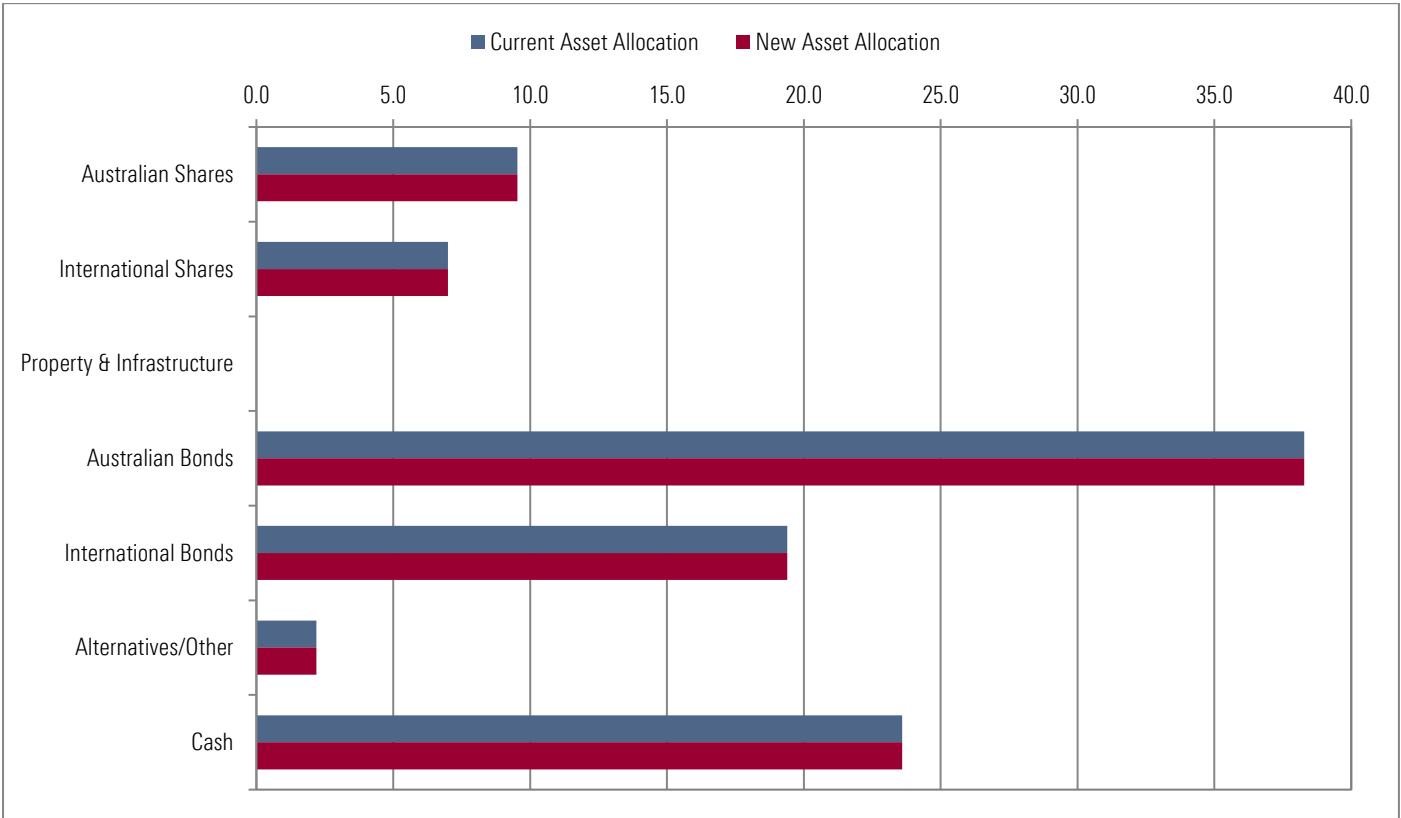
Rationale

Increasing inflation concerns, which have been exacerbated by the Russia/Ukraine conflict, have seen the oil price surge. Indeed, the current price of both Brent & West Texas Intermediate (WTI) Crude Oil (in excess of US\$110/barrel) is around five times the level that each typically traded at during the initial period of COVID-19 uncertainty, barely two years ago. This has flowed through into spectacular performance for the large integrated oil & gas players (such as Shell, BP, Chevron & Exxon), with the global energy sector up a remarkable 42% in 2022 alone. With lower expected future returns now on offer, following this exceptional period, we move to lock in profits. By contrast, broader global sharemarkets are down around 14% year-to-date, with expectations of rising interest rates (in response to soaring inflation and the withdrawal of Central Bank stimulus) impacting investor sentiment. In this regard, the recent weakness means that broad global sharemarkets now represent better value, leading us to increase our investment.



For illustrative purposes only.

Current versus New Asset Allocation



Portfolio Post Changes

Security	Security/APIR Code	GICS Industry Group	New Weighting ³
Australian Equities			9.5%
Brambles Limited	BXB-AU	Industrials	1.9%
Medibank Private Limited	MPL-AU	Financials	1.4%
Woodside Petroleum Limited	WPL-AU	Energy	1.2%
Westpac Banking Corporation Limited	WBC-AU	Financials	1.0%
Commonwealth Bank of Australia Limited	CBA-AU	Financials	1.0%
CSL Limited	CSL-AU	Pharmaceuticals, Biotechnology & Life Sciences	1.0%
Insurance Australia Group Limited	IAG-AU	Financials	1.0%
Newcrest Mining Limited	NCM-AU	Materials	0.9%
International Equities			7.0%
BetaShares FTSE 100 ETF	F100-AU		3.0%
iShares Core MSCI World (Ex Australia) ESG Leaders ETF	IWLD-AU		1.5%
Morningstar International Shares Fund	INT0017AU		1.0%
iShares Europe ETF	IEU-AU		0.9%
iShares MSCI Japan ETF	IJP-AU		0.7%
Property & Infrastructure			0.0%
Australian Bonds			38.3%
iShares Core Composite Bond ETF	IAF-AU		23.1%
Vanguard Australian Fixed Interest ETF	VAF-AU		12.6%
BetaShares Australian Bank Senior Floating Rate Bond ETF	QPON-AU		2.6%
International Bonds			19.4%
Morningstar International Bonds Fund	INT0082AU		17.1%
<i>BNY Mellon Global Aggregate Bonds</i>			
<i>Colchester Global Sovereign Bonds</i>			
<i>Ashmore Emerging Market Bonds</i>			
Vanguard International Credit Securities (Hedged) ETF	VCF-AU		2.3%
Alternatives/Other			2.2%
Morningstar Multi Asset Real Return Fund	INT0011AU		2.2%
Cash			23.6%
iShares Enhanced Cash ETF	ISEC-AU		16.3%
BetaShares Australian High Interest Cash ETF	AAA-AU		4.3%
Platform Cash	CASH_AUD		2.9%
Total			100.0%

³ May not sum to 100.0% due to rounding.

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Our investment principles



We put
investors first



We're
independent-minded



We invest for
the long term



We're valuation-driven
investors



We take a
fundamental approach



We strive to
minimise costs



We build portfolios
holistically