

Asset Allocation themes¹

Asset class	Change	New AA
Australian Equities	—	10.2%
International Equities	1.0	35.3%
Property & Infrastructure	—	0.7%
Australian Bonds	—	24.7%
International Bonds	—	9.5%
Alternatives/Other	—	6.2%
Cash	-1.0	13.4%

Growth vs Defensive splits¹

Assets	Change	New Split
Growth	1.0	49.3%
Defensive	-1.0	50.7%

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

- Inflation (and interest rate) expectations have softened in recent weeks, amid a pullback in the oil price, with nascent talk of improving global supply chains further boosting hopes that the worst of the inflationary threat may have passed.
- Portfolio cash levels have ticked up of late, with the payment of a number of distributions, following the end of the financial year. Despite rallying off recent lows, global shares (in aggregate) continue to appeal, and we have increased our weighting accordingly.

Portfolio action

We have increased our allocation to broad international sharemarkets, which we have funded from cash.

Security	Security/ APIR Code	Current Weighting	New Weighting	Increase / Decrease ²
International Equities		34.3%	35.3%	1.0%
iShares Core MSCI World (Ex Australia) ESG Leaders ETF	IWLD-AU	3.0%	4.0%	1.0%
Cash		14.4%	13.4%	-1.0%
iShares Core Cash ETF	BILL-AU	6.7%	7.1%	0.4%
Platform Cash	CASH_AUD	3.9%	2.5%	-1.4%

² May not sum due to rounding.

Rationale

Global share and bond markets have rallied off their recent lows, boosted by a pullback in the oil price, which has served to dampen previously surging inflation and interest rate expectations. While this has come as a welcome relief to investors (and, no doubt, households) after a volatile start to 2022, it remains a challenging investment environment; one characterised by swift moves in sentiment in response to the ever-changing global outlook. Nonetheless, the portfolio's weighting to growth and defensive assets continues to be broadly in line with its target long term asset allocation, with the current environment providing opportunities for nimble, long-term focused investors like ourselves. In this regard, cash levels have risen of late, as a consequence of the payment of a number of distributions, following the end of the financial year. This leads us to top up our investment in global shares, which still appear reasonably priced, on our analysis.

Portfolio Post Changes

Security	Security/APIR Code	GICS Industry Group	New Weighting ³
Australian Equities			10.2%
Brambles Limited	BXB-AU	Industrials	2.1%
Medibank Private Limited	MPL-AU	Financials	1.5%
Woodside Energy Group Limited	WDS-AU	Energy	1.3%
Westpac Banking Corporation Limited	WBC-AU	Financials	1.1%
CSL Limited	CSL-AU	Pharmaceuticals, Biotechnology & Life Sciences	1.0%
Insurance Australia Group Limited	IAG-AU	Financials	0.9%
Newcrest Mining Limited	NCM-AU	Materials	0.8%
Resmed Inc.	RMD-AU	Health Care Equipment & Services	0.7%
Commonwealth Bank of Australia Limited	CBA-AU	Financials	0.7%
International Equities			35.3%
Morningstar International Shares Active ETF	MSTR-AU		6.9%
Morningstar International Shares Fund	INT0017AU		5.6%
BetaShares FTSE 100 ETF	F100-AU		5.2%
iShares Core MSCI World (Ex Australia) ESG Leaders ETF	IWLD-AU		4.0%
iShares MSCI Japan ETF	IJP-AU		3.4%
iShares China Large-Cap ETF	IZZ-AU		2.0%
iShares MSCI South Korea ETF	IKO-AU		1.8%
Vanguard FTSE Europe Shares ETF	VEQ-AU		1.5%
Vanguard FTSE Emerging Markets Shares ETF	VGE-AU		1.3%
iShares Europe ETF	IEU-AU		1.3%
BetaShares Global Energy Companies ETF (AUD Hedged)	FUEL-AU		1.3%
iShares MSCI Emerging Markets ETF	IEM-AU		1.1%
Property & Infrastructure			0.7%
GPT Group	GPT-AU		0.7%
Australian Bonds			24.7%
iShares Core Composite Bond ETF	IAF-AU		17.3%
Vanguard Australian Fixed Interest ETF	VAF-AU		7.4%
International Bonds			9.5%
Morningstar International Bonds Fund	INT0082AU		9.5%
<i>BNY Mellon Global Aggregate Bonds</i>			
<i>Colchester Global Sovereign Bonds</i>			
<i>Ashmore Emerging Market Bonds</i>			
Alternatives/Other			6.2%
Morningstar Multi Asset Real Return Fund	INT0011AU		6.2%
Cash			13.4%
iShares Core Cash ETF	BILL-AU		7.1%
BetaShares Australian High Interest Cash ETF	AAA-AU		3.8%
Platform Cash	CASH_AUD		2.5%
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