

Asset Allocation themes¹

| Asset class | Change | New AA |
|---------------------------|--------|--------|
| Australian Equities | -0.3 | 9.2% |
| International Equities | — | 17.7% |
| Property & Infrastructure | — | 0.0% |
| Australian Bonds | — | 29.4% |
| International Bonds | — | 17.1% |
| Alternatives/Other | — | 4.8% |
| Cash | 0.3 | 21.7% |

Growth vs Defensive splits¹

| Assets | Change | New Split |
|-----------|--------|-----------|
| Growth | -0.3 | 29.3% |
| Defensive | 0.3 | 70.7% |

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

- The portfolios continue to hold up well amongst the increasing volatility we are seeing across global financial markets.
- Following a good Australian reporting season for many of our portfolio holdings, we have taken profits on a number of names and rotated into stocks where we see more value as a result of the recent market volatility.
- We have increased our allocation to cash and defensive assets due to higher bond yields.

Portfolio action

We have taken profits in Australian Equities and rotated into assets where we currently see better value. We have also increased our allocation to cash.

| Security | Security/ APIR Code | Current Weighting | New Weighting | Increase / Decrease ² |
|---|------------------------|----------------------|------------------|-------------------------------------|
| Australian Equities | | 9.5% | 9.2% | 0.3% |
| Australia & New Zealand Banking Group Limited | ANZ-AU | 0.0% | 1.1% | 1.1% |
| Newcrest Mining Limited | NCM-AU | 0.6% | 1.1% | 0.5% |
| Brambles Limited | BXB-AU | 2.3% | 1.4% | 0.9% |
| Woodside Energy Group | WDS-AU | 1.3% | 0.9% | 0.4% |
| Medibank Private Limited | MPL-AU | 1.5% | 1.0% | 0.5% |
| James Hardie | JHX-AU | 0.0% | 0.8% | 0.8% |
| Commonwealth Bank of Australia | CBA-AU | 0.9% | 0.0% | 0.9% |
| Cash | | 21.5% | 21.7% | 0.3% |
| Platform Cash | | 2.7% | 3.0% | 0.3% |

² May not sum due to rounding.

Rationale

As has been the case for much of 2022, markets continue to exhibit elevated levels of volatility relative to what we have been accustomed to in years prior. Generally, the portfolios have held up relatively well seeing portfolio losses far superior to what we have seen in broad share and debt markets. Notwithstanding this, the portfolios continue to be monitored carefully and as part of this and in conjunction with our usual post Australian reporting season review a number of portfolio adjustments have been undertaken.

The results from the reporting season have been generally better than expectations with a key focus on the higher inflation environment. The Australian Equity component of the SMAs has significantly outperformed the broader market in 2022 YTD, big drivers of this outperformance have been Woodside, Brambles, and Medibank, therefore we have taken profits from these holdings and have rotated them into assets where we see more value. This has included increasing our holdings to ANZ and introducing James Hardie into the portfolios which is a manufacturer of fibre cement siding and backerboard. We are adding James Hardie to the portfolios given our ongoing view this is a quality business with strong market positions across its key markets. Price moves over the course of 2022 due to concerns about the impact of recession look overdone in our view and we look to add exposure to this quality business.

We have also increased our allocation to cash and defensive assets. We are now getting paid much higher yields in these portfolios, so can achieve the CPI + objective much more easily owning defensive assets. When yields were much lower than those now on offer, we had to hold higher levels of growth assets in order to achieve the objectives of the portfolio.

Portfolio Post Changes

| Security | Security/APIR Code | GICS Industry Group | New Weighting ³ |
|--|--------------------|--|----------------------------|
| Australian Equities | | | 9.2% |
| Brambles Limited | BXB-AU | Industrials | 1.4% |
| Australia & New Zealand Banking Group Limited | ANZ-AU | Financials | 1.1% |
| Newcrest Mining Limited | NCM-AU | Materials | 1.1% |
| Medibank Private Limited | MPL-AU | Financials | 1.0% |
| CSL Limited | CSL-AU | Pharmaceuticals, Biotechnology & Life Sciences | 1.0% |
| Insurance Australia Group Limited | IAG-AU | Financials | 1.0% |
| Woodside Energy Group Limited | WDS-AU | Energy | 0.9% |
| Westpac Banking Corporation Limited | WBC-AU | Financials | 0.9% |
| James Hardie Industries PLC | JHX-AU | Materials | 0.8% |
| Commonwealth Bank of Australia Limited | CBA-AU | Financials | 0.0% |
| International Equities | | | 18.0% |
| BetaShares FTSE 100 ETF | F100-AU | | 5.0% |
| Morningstar International Shares Active ETF | MSTR-AU | | 2.6% |
| iShares Core MSCI World (Ex Australia) ESG Leaders ETF | IWLD-AU | | 2.2% |
| iShares MSCI Japan ETF | IJP-AU | | 1.7% |
| Vanguard FTSE Europe Shares ETF | VEQ-AU | | 1.3% |
| iShares MSCI Emerging Markets ETF | IEM-AU | | 1.2% |
| iShares China Large-Cap ETF | IZZ-AU | | 1.2% |
| Morningstar International Shares Fund | INT0017AU | | 0.9% |
| iShares Europe ETF | IEU-AU | | 0.9% |
| Vanguard FTSE Emerging Markets Shares ETF | VGE-AU | | 0.7% |
| Property & Infrastructure | | | 0.0% |
| Australian Bonds | | | 29.4% |
| iShares Core Composite Bond ETF | IAF-AU | | 18.5% |
| Vanguard Australian Fixed Interest ETF | VAF-AU | | 8.9% |
| BetaShares Australian Bank Senior Floating Rate Bond ETF | QPON-AU | | 2.0% |
| International Bonds | | | 17.1% |
| Morningstar International Bonds Fund | INT0082AU | | 15.7% |
| <i>Insight Global Aggregate Bonds</i> | | | |
| <i>Colchester Global Sovereign Bonds</i> | | | |
| <i>Ashmore Emerging Market Bonds</i> | | | |
| Vanguard International Credit Securities (Hedged) ETF | VCF-AU | | 1.4% |
| Alternatives/Other | | | 4.8% |
| Morningstar Multi Asset Real Return Fund | INT0011AU | | 4.8% |
| Cash | | | 21.7% |
| iShares Enhanced Cash ETF | ISEC-AU | | 11.6% |
| BetaShares Australian High Interest Cash ETF | AAA-AU | | 5.5% |
| iShares Core Cash ETF | BILL-AU | | 1.7% |
| Platform Cash | CASH_AUD | | 3.0% |
| 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