VENTURA MORNINGSTAR GROWTH MODEL

February 2024

VMAPS

COMMENTARY

Overview

• 2023 was a strong year for most asset classes.
• Equities and bonds performed well in Q4 2023, with a large rally for global markets in the final two months of the year.
• Market expectations are for interest rate cuts early in 2024 despite central banks pushing back on the timing of eventual cuts.
• Bonds saw strong performance in the last quarter, due to falling interest rate expectations, with corporate bonds performing especially well.
• Commodities and commercial real estate underperformed compared to other asset classes.

Global Shares:

The MSCI World Ex-Australia NR Index returned 9.9% over the quarter in local currency terms, with the 12-month return coming in at 23.32%. In Australian dollar terms, quarterly and annual returns were +5.31% and +23.23%, respectively, as the AUD fell against major currencies across 2023 but made much of the falls back rallying strongly in the quarter. The quarter showcased a robust performance across various sectors in local currency terms:

▪ Information Technology led the way with a +17.0% return.
▪ Industrials, Financials, and Communication Services followed suit, each producing double-digit returns of +11.4%, +11.2%, and +10.0%, respectively.
▪ Positive returns were also observed in Consumer Discretionary (+9.6%), Materials (+9.5%), Utilities (+8.8%), Health Care (+4.2%), and Consumer Staples (+3.2%).
▪ Energy, however, faced challenges with negative returns of -5.5% throughout the quarter. Australian shares Australian shares finished the year strongly, with the S&P/ASX200 accumulation index returning 8.4%. Some notable sector returns included Health Care (+13.3%), Materials (+13.2%) and Financials (+8.2%), particularly Materials & Financials, given the weight they hold within the index. Information Technology (+6.4%), Consumer Discretionary (+6.0%) and Industrials (+5.8%), also had positive returns for the quarter. Telecommunication Services (+2.5%) and Consumer Staples (+0.1%) were relatively flat, while Energy (-9.0%), and Utilities (-2.1%) produced negative returns to round out the year.

Bonds:

US 10-year bond yields fell over the quarter from 4.6% to 3.9% causing a massive rally in prices of over 10% as inflation fears subsided. however late in October it is interesting to note that yields did rise to 5.004% a 16 year high before falling. This decrease in yields saw gains in the global benchmark indices. Key 10-year treasury yields in local currency terms (December 31, 2023): Australia: 4.0%, Global: 3.9%.

Global property & infrastructure:

Domestic listed property & global listed property and global infrastructure had strong positive results in the quarter alongside global equities.

Currencies:

The U.S. dollar depreciated against some major currencies, with the Australian dollar finishing the quarter at 68 US cents – up from 64 US cents at the start of quarter.

Model performance

29/02/2024.

Period	Income %	Growth %	Total %
1 month	0.0	1.6	1.6
3 months	0.4	5.6	6.0
6 months	0.6	3.7	4.3
1 yr pa	2.1	7.9	10.0
3 yr pa	2.4	4.0	6.4
5 yr pa	2.0	4.2	6.2
7 yr pa	2.0	4.2	6.2

The Ventura Morningstar Growth Model has been operating since September 2014.
The performance shown is indicative only and may vary to actual investor performance due to investment model trading requirements at the individual investor account level.

Model Composition

29/02/2024

Asset Class	Min	NP	Actual	Max
Australian Equities	22.0	23.0	60.0	22.0
Global Equities	33.0	38.9	60.0	33.0
AREIT	11.0	3.8	40.0	11.0
Global Property	8.0	6.7	25.0	8.0
Global Infrastructure	12.0	14.0	30.0	12.0
Alternatives	8.0	8.1	30.0	8.0
Aust Fixed Income	6.0	5.4	45.0	6.0
Global Fixed Income (Hedged)	22.0	23.0	60.0	22.0
Cash	33.0	38.9	60.0	33.0
		100	**100.0**	
	Growth	70.0	69.1	
	Income	30.0	30.9	

Min and Max allocations show the range in which the Model Manager can allocate, while NP refers to the Neutral Position of the Model and Actual refers to the Actual exposure at the date of this Profile.

Top Holdings

29/02/2024

	Security	Portfolio %
1	Morningstar International Shares Active ETF	12.1
2	Morningstar Global Opportunities Fund	10.0
3	Morningstar International Bonds (Hedged) Fund	8.1
4	iShares Core Composite Bond ETF	8.1
5	Morningstar Multi Asset Real Return Fund	6.7
6	iShares Core S&P/ASX 200 ETF	5.9
7	Vanguard Australian Fixed Interest Index ETF	5.9
8	iShares Core MSCI World Ex Australia ESG Leaders ETF	4.5
9	ISHARES FTSE GBL Infrastructure (AUD HEDGED) ETF	3.5
10	iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF	3.0
11	Australian Dollar	2.9
12	iShares China Large-Cap ETF CDI	2.6
13	iShares Core Cash ETF	2.5
14	Morningstar Australian Shares Fund	2.5
15	VanEck FTSE International Property (Hedged) ETF	2.5
16	iShares MSCI South Korea ETF	2.2
17	BetaShares FTSE 100 ETF	2.0
18	iShares MSCI Japan ETF CDI	1.7
19	CSL Limited	1.5
20	Westpac Banking Corporation	1.4

Model Details

Objective	CPI+3.5%
Suggested timeframe	7 years
Number of securities	25-80
Estimated max. turnover	<40%
Model management fee	0.66%pa
Indirect Cost Ratio (ICR)	0.20%pa

Authorised Investments

ASX shares & ETFs, A-REITs, LICs, Global ETFs, Cash & Fixed Income ETFs, Managed Funds, and Cash & Term Deposits.

About Morningstar

Morningstar Investment Management Australia Limited (ABN 54 071 808 501; AFSL 228986) is a leading provider of asset allocation, portfolio construction and investment research services with over 35 years experience in the United States, Australia and other international markets. Morningstar advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Morningstar's Investment Approach

Morningstar's disciplined investment approach delivers independent, cost effective and holistic solutions for our clients – helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking meticulous comprehensive fundamental analysis of global asset classes and securities.

Portfolio Construction Process

When building diversified portfolios to achieve long-term real returns (after fees and taxes), a dynamic approach to asset allocation improves the outcome for investors. A total-portfolio-perspective approach that seeks to adjust the portfolio when the reward for risk changes, and measures risk in a more meaningful way to preserve capital for investors, is expected to provide a more stable and improved path to wealth accumulation. This approach is often contrarian to market consensus with patience and discipline provides significant investment opportunities.

Security Selection

Buying shares of superior businesses and allowing them to compound over time is the surest way to create wealth in the stock market. The long-term fundamentals of businesses, such as cash flow, competition, economic cycles, and stewardship, are the primary focus because history has shown that market sentiment is fleeting, momentum can quickly reverse, and the herd is sometimes a dangerous crowd. Occasionally, this approach causes our investment models to appear out of step, but willingness to be contrarian is an important source of outperformance.

About Ventura

Ventura Investment Management Ltd (Ventura) has been proudly managing the asset of Australian investors for over 10 years. Our mission is to assist all Australians in establishing and maintaining financial independence that will allow our investors to achieve what is most important to them.

To deliver this, we have created three series of investment solutions that can be tailored to individual circumstances and goals. Through our scale and expertise, our investors gain access to some of the world's leading asset managers.

Whether you're starting out, a sophisticated investor, or anywhere in between, we have professionally managed investment solutions that help ease the burden of the four key areas to building and maintaining investment portfolios: research, blending of selected assets, monitoring selected assets for quality and valuation and implementation.

About VMAPS

Ventura Managed Account Portfolios (VMAPS) is a next generation portfolio management solution that can be tailored to individual investor circumstances and goals. Through our scale and experience, our investors gain access to the thoughts and expertise of the world's leading asset managers.

Supported by professional financial advice, VMAPS offer investor benefits of:

1. Beneficial ownership of the investments in their portfolio (including payment of dividends)
2. Personal tax positions (including franking credits)
3. Transparency of portfolio holdings with quality online reporting
4. Low cost trading of portfolio holdings
5. Professional portfolio construction and management

With no minimum investment amount, the VMAPS solution offers choice of insurer and is available for Superannuation & Pension, or as ordinary, Non-Superannuation monies (including Self-Managed Superannuation Funds).

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