



VENTURA MORNINGSTAR BALANCED MODEL

February 2021

COMMENTARY

While we gladly wave goodbye to 2020, we have endured a period of surprising benefit in the financial market. If one asked you how the market would perform if a global pandemic hit, causing widespread job losses and the biggest contraction in the economy for around 90 years, we doubt you'd describe today's reality. Global stocks, corporate bonds, real estate, gold, commodities, and bitcoin have all moved forward and delivered positive performance.

The final quarter of 2020 was a strong one by historical measures. It is a clear case of market participants looking over the horizon, spurred on by the vaccine rollout combined with a perception of greater political stability. The wave of "good news" comes with many fascinating and constructive sub plots. One of the most interesting happened in the fourth quarter of 2020, where value stocks bucked a multi-year trend to join the winner's list. This was partly marked by President-elect Biden's victory but is also a vision for life after lockdowns and COVID-19, with the reopening of the economy considered a positive for economically sensitive sectors. Company defaults and bankruptcies also remain low globally, defying the doomsayers, supported by record stimulus and the cheapest borrowing rates ever seen.

Highlights of the quarter and full year of 2020 includes global shares where US markets rallied 70% from the March lows, shares in emerging market companies outperforming developed market peers due to renewed confidence in the outlook for global growth and low U.S. interest rates, energy and financials being the best performing sectors in Q4 2020 and riskier high yield and emerging markets bond categories performing the best on the back of the improved outlook for global growth.

Above all else, while it may feel like a good time to invest, investors still need to weigh up the prices that they are paying, as we have seen extreme divergence in asset prices, which potentially raises the risk of loss. As Warren Buffett once said, "Only when the tide goes out do you discover who's been swimming naked". That said, the model manager continues to see opportunities and remain confident that their positions are in the best long-term interests of the clients—acknowledging tomorrow's challenges and working towards a prosperous 2021 and beyond with good financial decision making.

Model performance

28/02/2021

Period	Income %	Growth %	Total %
1 month	0.05	0.54	0.58
3 months	0.17	0.99	1.16
6 months	0.18	5.29	5.47
1 yr pa	1.11	3.70	4.81
3 yr pa	1.39	2.65	4.04
5 yr pa	1.83	3.28	5.10
7 yr pa	2.02	3.23	5.25

The Ventura Morningstar Balanced 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.

Top Holdings

28/02/2021

Security	Portfolio %
1 iShares Core Cash ETF	18.5
2 iShares Core Composite Bond ETF	9.5
3 Morningstar International Bonds (Hedged) Fund	8.8
4 BetaShares Australian Bank Senior Floating Rate Bond ETF	8.2
5 Morningstar International Shares Active ETF	8.1
6 BetaShares Global Energy Companies ETF (hedged)	6.5
7 Morningstar Multi Asset Real Return Fund	6.3
8 BetaShares FTSE 100 ETF	4.9
9 BetaShares Australian High Interest Cash ETF	3.9
10 iShares MSCI Japan ETF CDI	3.8
11 iShares Europe ETF CDI	2.5
12 Australian Dollar	2.4
13 iShares MSCI South Korea ETF	1.7
14 Vanguard FTSE Emerging Markets Shares ETF	1.6
15 iShares MSCI Emerging Markets ETF	1.3
16 Medibank Private Ltd	1.3
17 Westpac Banking Corporation	1.2
18 Woodside Petroleum Ltd	1.2
19 Brambles Limited	1.1
20 Insurance Australia Group	1.0

Model Composition

28/02/2021

Asset Class	Min	NP	Actual	Max
Australian Equities	0	16.0	9.4	45
Global Equities	0	23.0	31.3	45
AREIT			1.7	
Global Property	0	8.0	0.0	35
Global Infrastructure			0.0	
Alternatives	0	6.0	6.3	25
Aust Fixed Income	0	20.0	17.7	40
Global Fixed Income (Hedged)	0	14.0	8.8	40
Cash	0	13.0	24.8	55
		100.0	100.0	
	Growth	50.0	45.5	
	Income	50.0	54.5	

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.

Model Details

Objective	CPI+2.5%
Suggested timeframe	5 years
Number of securities	25-80
Estimated max. turnover	<40%
Model management fee	0.605%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).

For more information speak to your financial adviser.

1300 738 421
info@venturafm.com.au
venturafm.com.au

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