



VENTURA MORNINGSTAR BALANCED MODEL

August 2021

COMMENTARY

With the financial year having drawn to a close, it can be reflected what has been a remarkable 12-months as the global economy and global sharemarkets continue to recover from the shock of COVID-19. Indeed, the global sharemarket index is up by more than 36% over this period but this excludes the initial rebound from the COVID-19 lows in March 2020. Of course, much of the improving confidence around the global outlook has to do with the rate of vaccination, with more than 3 billion shots having now been administered globally. This has been key to global economies re-opening, even though the number of cases of infection continues to rise.

Nonetheless, questions remain around the sustainability of this current economic momentum. More recently, there has been increasing talk of inflation, which can best be described as the tendency for the prices of goods and services to go up over time. Typically, higher inflation leads to expectations of higher interest rates, which can have significant implications for the value perceived in both shares and bonds. However, it is worth noting that it is normal for inflation to rise in periods where the economy is expanding and, at this point, increases in inflation expectations have been relatively moderate.

The challenge is that economic indicators like inflation and growth (as measured by GDP) are notoriously difficult to predict, as are the actions of governments and central banks who are trying to influence them. That said, Morningstar can form an assessment of the current state of play through their valuation analysis. In this respect, while investor sentiment feels increasingly buoyant, there is very little room for error being captured in the price of certain assets. Notable in this regard is the U.S. sharemarket, with Australian and European (ex U.K.) shares also appearing less attractive following a period of strong gains. However, opportunities do remain such as shares in energy and financial companies still of appeal (although they are not getting as good a deal as they once were given more positive investor sentiment toward these assets). U.K shares, given the exposure to these segments, also appear reasonably priced, according to Morningstar's analysis.

Above all, while investors are understandably feeling confident given a strong period of returns, Morningstar suggests not tempering emotional responses to these circumstances and to not get carried away. Granted, economic momentum may well continue as economies re-open, with governments and central banks unlikely to turn off their support so early in a recovery. Nonetheless, Morningstar will look to approach this situation by looking through the euphoria in order to continue to identify undervalued assets that have the potential to deliver returns to the portfolio over the longer term (wherever they may be).

Model performance

31/08/2021

Period	Income %	Growth %	Total %
1 month	0.08	0.90	0.98
3 months	2.13	-0.29	1.84
6 months	2.21	2.85	5.06
1 yr pa	2.51	8.30	10.81
3 yr pa	1.76	3.14	4.9
5 yr pa	2.06	2.66	4.72
7 yr pa	2.07	3.28	5.35

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

31/08/2021

	Security	Portfolio %
1	iShares Core Cash ETF	15.4
2	iShares Core Composite Bond ETF	13.2
3	Morningstar International Shares Active ETF	9.0
4	Morningstar International Bonds (Hedged) Fund	7.9
5	BetaShares Global Energy Companies ETF (hedged)	7.2
6	Morningstar Multi Asset Real Return Fund	6.4
7	BetaShares Australian Bank Senior Floating Rate Bond ETF	5.8
8	BetaShares FTSE 100 ETF	5.4
9	iShares MSCI Japan ETF CDI	3.9
10	BetaShares Australian High Interest Cash ETF Units	3.7
11	Australian Dollar	2.7
12	iShares China Large-Cap ETF CDI	1.7
13	Brambles Limited	1.7
14	Vanguard FTSE Emerging Markets Shares ETF	1.5
15	iShares Europe ETF CDI	1.5
16	Medibank Private Ltd	1.5
17	iShares MSCI Emerging Markets ETF	1.3
18	Westpac Banking Corporation	1.2
19	iShares MSCI South Korea ETF	1.2
20	Insurance Australia Group	1.0

Model Composition

31/08/2021

Asset Class	Min	NP	Actual	Max
Australian Equities	0	16.0	9.4	45
Global Equities	0	23.0	33.8	45
AREIT			1.7	
Global Property	0	8.0	0.0	35
Global Infrastructure			0.0	
Alternatives	0	6.0	6.4	25
Aust Fixed Income	0	20.0	19.1	40
Global Fixed Income (Hedged)	0	14.0	7.9	40
Cash	0	13.0	21.7	55
		100.0	100.0	
	Growth	50.0	48.1	
	Income	50.0	51.9	

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.

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)	0.25%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.

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