



VENTURA MORNINGSTAR BALANCED MODEL

May 2024

COMMENTARY

Overview

- Strong momentum from Q4 2023 has continued into Q1 2024 for equity markets with US and Japanese markets posting very strong returns over the quarter.
- On the back of one of the best quarters in the last decade in Q4 2023, bond markets pulled back ever so slightly during Q1 2024 on the back of subdued rate cut sentiment, pending data proof-points to help central bank decision making.
- There is continued market expectations are for interest rate cuts in 2024 despite central banks pushing back on the timing of eventual cuts.
- Whilst the “Magnificent 7” continue to dominate global market performance, this was heavily influenced by “Nvidia”, consumer discretionary stocks lagged over the quarter.

Global Shares:

The MSCI World Ex-Australia NR Index returned 10.18% over the quarter in local currency terms, with the 12- month return coming in at 26.38%. In Australian dollar terms, quarterly and annual returns were +14.06% and +28.72%, respectively, as the AUD resurgence continued during Q1 2024 against most major currencies. The quarter showcased a robust performance across various sectors in local currency terms:

- Communications Services led the way with a +13.38% return.
- Information Technology, Financials, and Industrials followed suit, each producing double-digit returns of +12.81%, +12.03%, and +11.60%, respectively.
- Positive returns were also observed in healthcare (+8.70%), Consumer Disc (+8.15%), and Materials (+5.56%).
- Utilities, however, lagged the global markets etching out a small return of +2.22% throughout the quarter. Whilst Energy turned a negative in Q4 2023 into a strong positive of +10.75% for Q1 2024

Bonds:

Improving news on the global economy caused yields to inch higher, with US 10-year bond yields rising over the quarter from 3.9% to 4.21% providing a headwind for fixed income asset classes. Longer-duration bonds underperformed their short-duration counterparts. High-yield bonds were a standout winner among fixed income, EM debt and Investment Grade assets also outperforming government bonds over the quarter. This increase in yields saw falls in the global benchmark indices.

Global property & infrastructure:

Domestic listed property had strong positive results alongside global equities while global property fell flat over the quarter.

Currencies:

Broadly speaking, the US dollar gained value versus most developed- and emerging-market currencies, providing a tailwind for unhedged exposures.

Model performance

Period	31/05/2024		
	Income %	Growth %	Total %
1 month	0.1	0.4	0.4
3 months	0.5	0.6	1.0
6 months	0.8	5.1	5.9
1 yr pa	2.1	4.5	6.6
3 yr pa	2.1	1.5	3.6
5 yr pa	1.7	2.6	4.4
7 yr pa	1.7	2.4	4.1

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.

Model Composition

Asset Class	31/05/2024			
	Min	NP	Actual	Max
Australian Equities	0.0	16.0	-	45.0
Global Equities	0.0	23.0	13.1	45.0
AREIT	0.0	8.0	27.9	35.0
Global Property	0.0	6.0	5.9	25.0
Global Infrastructure	0.0	20.0	6.0	40.0
Alternatives	0.0	14.0	22.7	40.0
Aust Fixed Income	0.0	13.0	16.2	55.0
Global Fixed Income (Hedged)	0.0	16.0	8.4	45.0
Cash	0.0	23.0	-	45.0
		100	100.0	
	Growth	50.0	46.9	
	Income	50.0	53.1	

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.

	Security	%
1	Morningstar International Bonds (Hedged) Fund	16.2
2	iShares Core Composite Bond ETF	13.9
3	Morningstar International Shares Active ETF	9.1
4	Morningstar Global Opportunities Fund	7.5
5	Vanguard Australian Fixed Interest Index ETF	6.2
6	Morningstar Multi Asset Real Return Fund	6.0
7	iShares Core Cash ETF	5.7
8	iShares Core S&P/ASX 200 ETF	4.0
9	iShares Core MSCI World Ex Australia ESG Leaders ETF	3.5
10	Australian Dollar	2.7
11	ISHARES FTSE GBL Infrastructure (AUD HEDGED) ETF	2.6
12	BetaShares Australian Investment Grade Corporate Bd ETF	2.5
13	iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF	2.2
14	VanEck FTSE International Property (Hedged) ETF	2.1
15	iShares China Large-Cap ETF CDI	1.5
16	iShares MSCI South Korea ETF	1.5
17	Westpac Banking Corporation	1.2
18	Morningstar Australian Shares Fund	1.2
19	ANZ Group Holdings Ltd	1.1
20	CSL Limited	1.1

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. 1300

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