



# VENTURA MORNINGSTAR AUSTRALIAN SHARES INCOME MODEL

August 2024

## COMMENTARY

### Overview

- Major global equity markets continued their climb, with stocks related to artificial intelligence (AI) continuing to lead the way.
- Some emerging risks weighed on the local market, producing negative returns for the quarter.
- Inflation remains above RBA's target band with an expectation that rate cuts will now come later and be shallower than previously expected

### Global Shares:

The MSCI World Ex-Australia NR Index returned 3.11% over the quarter in local currency terms, with the 12-month return coming in at +21.46%. In Australian dollar terms, quarterly and annual returns were +0.28% and +19.92%, respectively, as the AUD resurgence continued during Q2 2024 against most major currencies.

- Information Technology led the way with +11.69% over the quarter and +38.78% over the last 12 months.
- Communication Services and Utilities were the only other sectors to produce positive returns with +8.42% (38.20%) and 3.53% (5.69%) returns over the quarter and (year).
- Healthcare and Financials were relatively flat over the quarter; however, the 12-month numbers show growth at 11.90%, and 24.99%. Industrials (-1.40%), Energy (-1.13%).
- Consumer Discretionary (-1.63%) and Materials (-3.17%) struggled over the quarter but overall have performed positively for the year at 17.66%, 16.40%, +11.02%, 9.44% respectively.
- Consumer Staples lagged over the quarter and last 12 months returning 0.40% and 2.79%.

### Bonds:

Improving news on the global economy caused yields to inch higher, with US 10-year bond yields rising over the quarter from 4.21 to 4.41% providing a headwind for fixed income asset classes. Key 10-year treasury yields in local currency terms (30 June 2024): Australia: 4.36%.

### Global property & infrastructure:

Domestic listed property (-5.66%) produced negative returns over the quarter alongside global property (-1.80%) whilst the 12-month number remained positive at +23.79% and +4.45% respectively.

### Currencies:

The AUD gained value against the USD, EUR, JPY, amongst others, over the quarter. As such, broadly speaking, hedged currency exposure outperformed unhedged positions

### Model performance

31/08/2024

Period	Income %	Growth %	Total %
1 month	0.52	1.43	1.95
3 months	0.84	7.32	8.16
6 months	1.81	7.03	8.84
1 yr pa	3.87	16.24	20.11
3 yr pa	3.64	7.39	11.03
5 yr pa	3.30	5.89	9.19
7 yr pa	3.50	4.92	8.42

The Ventura Morningstar Australian Income 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

31/08/2024

Asset Class	Index	Actual
Consumer Discretionary	7.5	4.1
Consumer Staples	4.1	1.2
Energy	4.3	0.0
Financials ex Property Trusts	32.7	22.0
Property Trusts	10.0	12.5
Health Care	7.0	17.4
Industrials	2.9	0.0
Information & Technology	19.5	15.8
Materials	6.7	12.0
Communication Services	1.4	0.0
Utilities	0.0	4.6
Cash	7.5	4.1

	Security	%
1	Newmont Corporation Registered Shs Chess Depository Interests Repr 1 Sh	6.3
2	Westpac Banking Corporation	5.4
3	Resmed	5.3
4	Transurban Group Ltd.	4.7
5	National Australia Bank Limited	4.7
6	Telstra Group Limited	4.7
7	Australian Dollar	4.6
8	ASX Ltd	4.6
9	ANZ Group Holdings Ltd	4.5
10	Charter Hall Group	4.4
11	BHP	4.2
12	Bapcor	4.1
13	Aurizon Holdings Ltd.	4.0
14	Brambles Limited	3.9
15	TPG Telecom Limited	3.3
16	Computershare	3.1
17	Ansell Limited	2.9
18	Perpetual	2.8
19	Dexus	2.7
20	Goodman Group	2.6

## Model Details

<b>Objective</b>	Outperform S&P/ASX200 Accum Index
<b>Suggested timeframe</b>	7 years
<b>Number of securities</b>	15-30
<b>Estimated max. turnover</b>	<50%
<b>Model management fee</b>	0.65%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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