



VENTURA MORNINGSTAR BALANCED MODEL

October 2024

COMMENTARY

Overview

- Major equity Indexes continued their ascent, while bonds had their second-best quarterly return in over two decades.
- Australia's economy remains surprisingly resilient with continued employment strength. Annual inflation of 2.7% in August 2024, down from 3.5% in July, was the lowest reading in three years.
- Inflation is cooling, but the RBA's preferred 'trimmed mean' measure is still above target at 3.4% in August 2024.

Global Shares:

The MSCI World Ex-Australia NR Index returned +4.63% over the quarter in local currency terms, with the 12-month return coming in at +30.59%. In Australian dollar terms, quarterly and annual returns were +2.30% and +23.21%, respectively, as the AUD continued to appreciate against most major currencies during Q3.

- In developed markets, the Utilities sector led the way with +15.74% over the quarter and +33.30% over the last 12 months.
- Information Technology was muted during Q3, returning +0.88%, however, had the strongest 12-month return at 48.63%. This points to a potential broadening of markets away from the AI thematic which has dominated year to date.
- On the emerging markets front, the Chinese equity market roared back to life during Q3 delivering +22.21% in local currency terms.
- The Consumer Discretionary sector was the best performing from an emerging market standpoint, up +23.44% in local currency terms during the quarter. This pushed the 12-month return of the sector to +30.31%.

Bonds:

- With many central banks starting to ease monetary policy globally and yields decreasing, fixed interest assets, in general, thrived. The Bloomberg AusBond Composite 0+Y TR AUD index was up +3.02% for the quarter and +7.01% for the previous 12 months

Global property & infrastructure:

- Domestic listed property (+14.30%) produced strong returns over the quarter alongside global property (+13.55%). This pushed the 12-month numbers out to +45.93% and +25.02% respectively. Listed global infrastructure was also strong posting a return of +11.02% for Q3 and a return of +25.58% for the prior 12-months.

Currencies:

- The AUD was mixed across the quarter, gaining value against the USD and EUR, while losing ground against the JPY and GBP. However, given the size of the US market, broadly speaking, hedged currency exposure outperformed unhedged positions

Model performance

31/10/2024

Period	Income %	Growth %	Total %
1 month	0.3	-1.4	-1.1
3 months	0.4	1.1	1.5
6 months	2.2	3.3	5.4
1 yr pa	3.3	12.1	15.4
3 yr pa	2.1	2.9	4.9
5 yr pa	2.0	2.6	4.5
7 yr pa	1.9	2.8	4.7

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

31/10/2024

Asset Class	Min	NP	Actual	Max
Australian Equities	0.0	16.0	14.9	45.0
Global Equities	0.0	23.0	27.2	45.0
AREIT	0.0	8.0	1.2	35.0
Global Property	0.0	6.0	2.2	25.0
Global Infrastructure	0.0	20.0	2.6	40.0
Alternatives	0.0	14.0	6.0	40.0
Aust Fixed Income	0.0	13.0	21.7	55.0
Global Fixed Income (Hedged)	0.0	16.0	15.8	45.0
Cash	0.0	23.0	8.3	45.0
		100	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.

	Security	%
1	Morningstar International Bonds (Hedged) Fund	15.8
2	iShares Core Composite Bond ETF	13.3
3	Morningstar International Shares Active ETF	8.8
4	Morningstar Global Opportunities Fund	6.9
5	Morningstar Multi Asset Real Return Fund	6.0
6	Vanguard Australian Fixed Interest Index ETF	6.0
7	iShares Core S&P/ASX 200 ETF	5.7
8	iShares Core Cash ETF	5.4
9	iShares Core MSCI World Ex Australia ESG Leaders ETF	3.6
10	Australian Dollar	2.9
11	ISHARES FTSE GBL Infrastructure (AUD HEDGED) ETF	2.6
12	BetaShares Australian Investment Grade Corporate Bd ETF	2.4
13	VanEck FTSE International Property (Hedged) ETF	2.2
14	iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF	2.2
15	iShares China Large-Cap ETF CDI	1.7
16	Westpac Banking Corporation	1.4
17	iShares MSCI South Korea ETF	1.3
18	Morningstar Australian Shares Fund	1.2
19	ANZ Group Holdings Ltd	1.2
20	CSL Limited	0.9

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

738 421

info@venturafm.com.au
venturafm.com.au

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