



VENTURA MORNINGSTAR BALANCED MODEL

February 2025

COMMENTARY

- Portfolios sit at around neutral to growth assets. Within growth assets, we have generally favoured international equities over Australian equities as we see a broader opportunity set within international equities. That said, divergence in the opportunity set across sector and regional equity assets has continued to narrow, which has resulted in our growth asset position broadening out and becoming less divergent relative to the SAA benchmark. One area where divergence remains is within Emerging Markets equities, where we see reasonable divergence in valuation implied returns within the region. Within Emerging Markets equities, the portfolios holds active overweight positions in China and Korea.
- In relation to fixed income assets, we have sought to add diversification as government bond yields have risen. For multi-asset portfolios with higher exposures to defensive assets, this has meant adding greater return diversity within fixed income assets by increasing Australian credit exposure to complement existing duration linked exposures. We remain cautious on global credit given relatively low option-adjusted spreads and have pared back our directly held exposure to high yield assets, as we wait for better valuation opportunities to arise.
- The environment continues to remain uncertain as central banks face the challenges of trying to curb inflation while avoiding recession. We cannot predict when and by how much major central banks are likely to shift interest rates, so we can only look to our guiding principle of 'valuation' to help us navigate markets and build robust portfolios.

Model performance

Period	Income %	Growth %	28/02/2025
			Total %
1 month	0.0	0.3	0.3
3 months	0.4	0.9	1.3
6 months	0.8	2.5	3.4
1 yr pa	3.1	5.8	8.9
3 yr pa	2.1	3.8	5.9
5 yr pa	2.0	3.3	5.3
7 yr pa	1.9	3.0	4.9

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	Min	NP	28/02/2025	
			Actual	Max
Australian Equities	0.0	18.0	14.4	38.0
Global Equities	3.0	23.0	26.9	43.0
AREIT	0.0	0.0	1.2	20.0
Global Property	0.0	3.0	2.1	23.0
Global Infrastructure	0.0	3.0	2.6	23.0
Alternatives	0.0	6.0	6.1	25.0
Aust Fixed Income	0.0	20.0	21.9	40.0
Global Fixed Income (Hedged)	0.0	19.0	16.4	39.0
Cash	0.0	8.0	8.4	28.0
		100	100.0	
	Growth	50.0	50.3	
	Income	50.0	49.8	

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	16.4
2	iShares Core Composite Bond ETF	13.2
3	Morningstar International Shares Active ETF	8.5
4	Morningstar Global Opportunities Fund	7.7
5	Vanguard Australian Fixed Interest Index ETF	6.3
6	Morningstar Multi Asset Real Return Fund	6.1
7	iShares Core Cash ETF	5.8
8	iShares Core S&P/ASX 200 ETF	5.5
9	iShares Core MSCI World Ex Australia ESG Leaders ETF	3.6
10	Australian Dollar	2.6
11	ISHARES FTSE GBL Infrastructure (AUD HEDGED) ETF	2.6
12	BetaShares Australian Investment Grade Corporate Bd ETF	2.4
13	iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF	2.1
14	VanEck FTSE International Property (Hedged) ETF	2.1
15	Westpac Banking Corporation	1.4
16	iShares China Large-Cap ETF CDI	1.3
17	iShares MSCI South Korea ETF	1.3
18	Morningstar Australian Shares Fund	1.2
19	ANZ Group Holdings Ltd	1.1
20	Brambles Limited	1.0

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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