



Collaborated with



# Multi-Asset Managed Portfolios

## Morningstar Investment Management

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For advisers looking to access professionally managed, transparent investment portfolios with our highest conviction views. The portfolio uses direct shares, ETFs and managed funds (which include leading specialist investment managers from around the world) aimed to deliver returns above inflation.



### Adviser Checklist:

What could make the Multi-Asset Managed Portfolios right for you and your clients?

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Your clients seek a higher level of investment transparency



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You're looking for a scalable and professionally managed investment solution



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Your clients desire direct ownership of securities



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You're looking to reduce the administrative burden of managing investments for your clients



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You believe in having a more flexible asset allocation approach



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You believe a 'real' or 'inflation plus' objective is better aligned to your client's goals



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Your definition of risk is based on wanting to minimise capital loss in times of market stress



# Achieving Your Clients' Financial Goals

As your investment manager, we manage the Multi-Asset Managed Portfolios with the same investment objective and definition of risk as your clients – growing their savings above a clearly defined rate of inflation, and not losing money that can't be made back.

**Managing the Portfolio to a CPI+ Objective:** To determine the investment objective of the portfolio, we start with the rate of inflation (tracked using the Consumer Price Index or CPI) and add to that an additional amount to match your clients' risk profile and financial goals. This gives us a CPI+ objective\*.

It means the portfolio's objectives and your clients' objectives are the same, namely growing savings above the rising cost of living.

**Managing the Portfolio to Preserve Your Clients' Capital:**

We've designed the portfolio's risk management approach to align with the needs of clients – our goal is to preserve their savings and to not invest in assets if the reward isn't worth the risk.

In other words, we aim to avoid investing in overvalued assets.

**Valuation Driven Asset Allocation – investing only if it makes sense to do so:**

We've designed an investment approach that gives us the flexibility to take advantage of opportunities as and when they arise. This approach is known as Valuation Driven Asset Allocation. By avoiding over-valued assets, we aim to deliver more consistent returns with lower risk and preserve your clients' savings (Refer Diagram 1).

**A Focus on Quality:**

It's not just about value. In practical terms, we're seeking to buy good quality, attractively priced investments that are overlooked or underappreciated (Refer Diagram 2). We do this by undertaking comprehensive research to understand the fundamental drivers behind each investment – uncovering undervalued investments which display characteristics of quality (e.g. high and stable cash flows and conservative debt levels).

Diagram 1

## Value = Greater Potential For Returns

The potential for return is greater and potential for loss is lower if an asset is cheap, or currently undervalued by the market. If you buy an asset that's expensive or overvalued, we see that as high risk, as you can see on the right hand side of this chart (above the VALUE line).

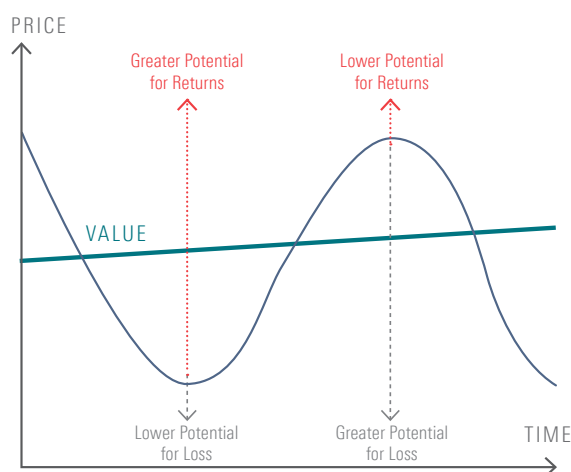
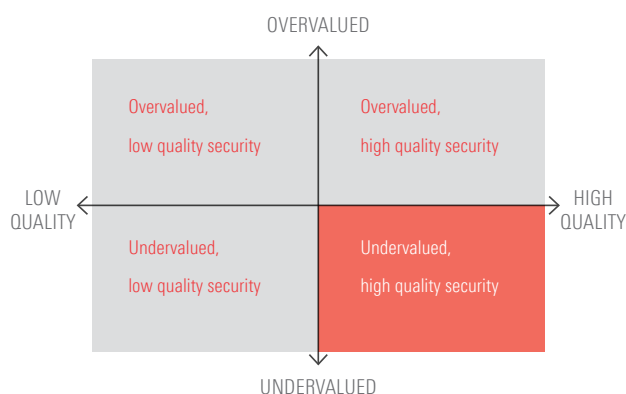


Diagram 2

## Quality + Value = Greater Potential For Sustainable Returns

After we have scored a stock in terms of value, we then determine which are high-quality companies. As you can see in the chart below, securities can be high quality, but overvalued. To be held in our managed accounts, we're looking for securities with both a high Morningstar Quality and Value score, as shown by the red quadrant.



## Morningstar's global research teams working for your clients

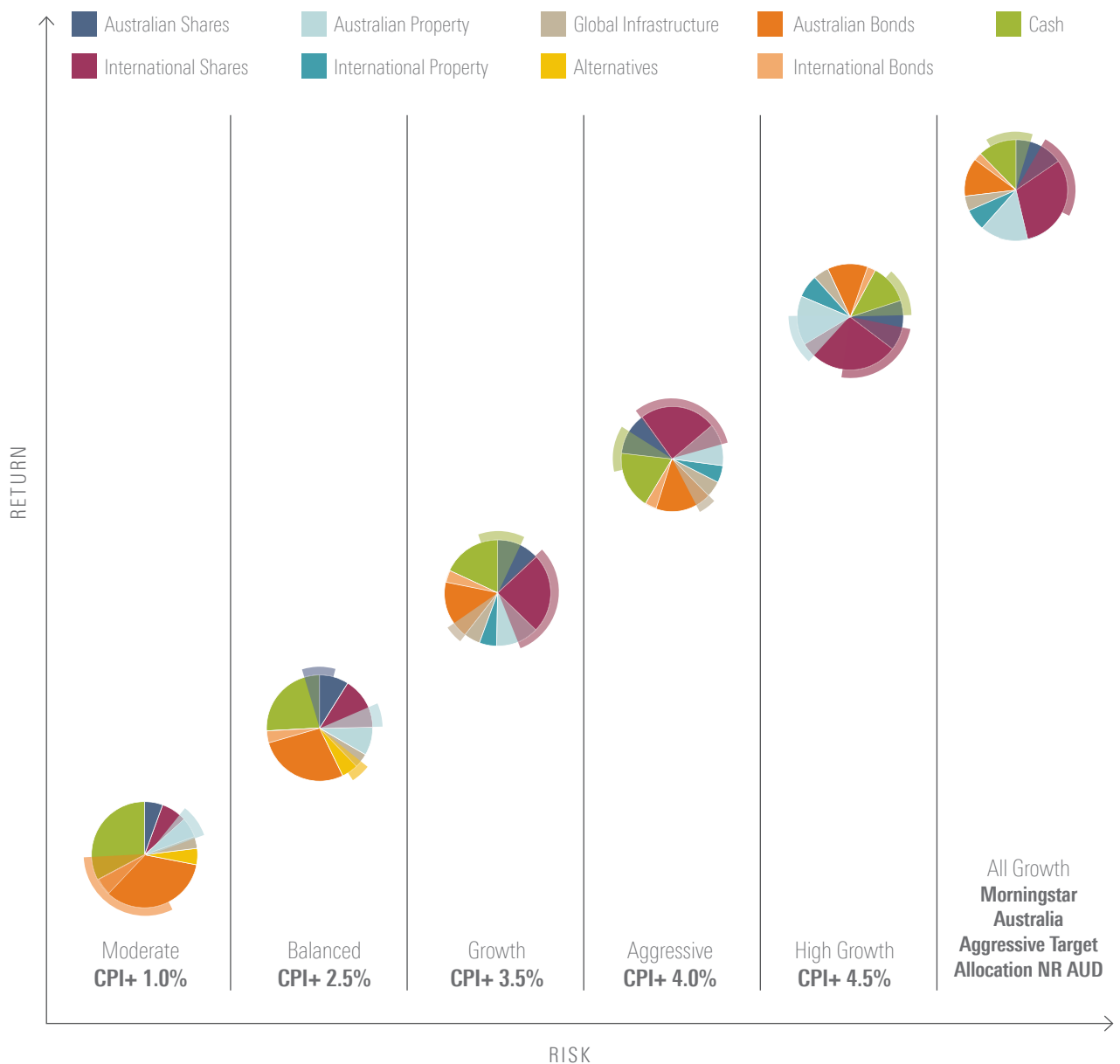
The Australian Investment Team – comprising of portfolio managers, analysts and asset allocation specialists – manage the portfolios. They are supported by one of the largest independent research teams globally. The team leverage research carried out by more than 100 analysts, covering investment opportunities from around the world. This enables them to drill deeper into each and every investment opportunity before deciding whether it has a place in the portfolio or not. When implementing these views, the team has the flexibility to use shares, ETFs and managed funds employing leading specialist investment managers from around the world.

\*All Growth Managed Portfolio Objective – Morningstar Australia Aggressive Target Allocation NR AUD

# Morningstar's Suite of Managed Portfolios

Morningstar's Multi-Asset Managed Portfolios have been designed to meet the needs of all investors, across all risk profiles and life stages. The range consists of portfolios designed to suit your diverse client base, aligned with our integrated risk-tolerance questionnaire.

The chart below shows the Morningstar's Multi-Asset Managed Portfolio range, as well as asset allocation examples.



The information displayed is for illustrative purposes only. It should not be used to assess the exact risk/return relationship between portfolios.



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Morningstar 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 disciplined investment approach delivers independent, cost effective and holistic solutions for investors – helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking comprehensive fundamental analysis of global asset classes and securities.

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