

Multi-Sector Series Portfolios

October 2023

Trade Update by Morningstar

All data and information as at Portfolio Date: 22/10/2023

This information has been prepared for use by Advisers only

Morningstar has made changes to the Morningstar Multi-Sector Series Portfolios on BT Panorama in October 2023. The changes are designed to reflect our best strategy ideas from an asset allocation, manager selection and manager allocation perspective. We've also rebalanced the portfolios to the targeted growth and defensive asset allocation.

All changes are consistent with Morningstar's long-term SAA where we prefer:

- Global equity over Australian equity.
- A balanced allocation to investment styles.
- Australian bonds over global bonds.
- A mild use of unconstrained fixed interest funds.
- To have return diversification from sources other than alternative strategies.

In all changes we have considered portfolio balance, diversification, the risk adjusted return outlook (inherent in Morningstar analyst rating) and portfolio turnover.

Defensive Portfolio

Past portfolio changes tilted the portfolio to underweight growth assets and subsequent market movements rewarded that position. Given equity market weakness in September we have moderated that position, but still maintained a slight growth asset underweight.

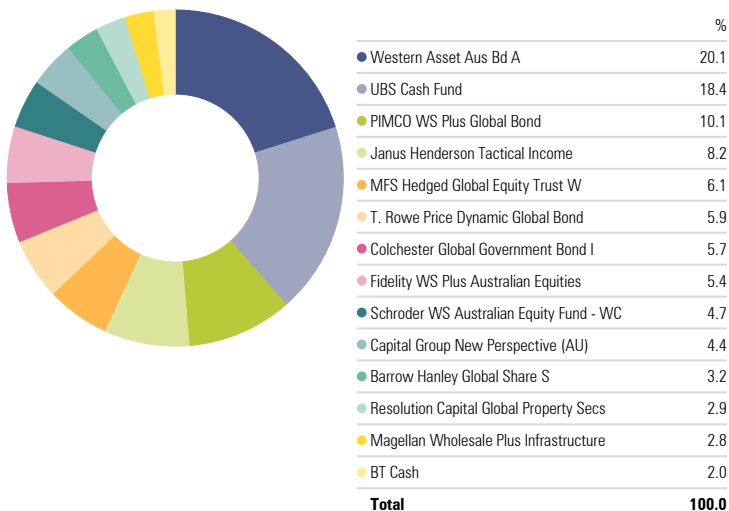
Fixed Income

Global bond yields have risen meaningfully over the past quarter which further increases the potential for economic growth to contract in the future. As such we have increased our exposure to P MCO Wholesale Plus Global Bond (Gold) and to Colchester Global Government Bond Fund (Bronze) to take advantage of attractive yields on offer, they have risen much more than local yields. This has been funded from cash, a sell down of our low duration manager, T. Rowe Price Dynamic Global Bond (Bronze), and a small decrease in Western Asset Australian Bond Fund (Silver) and Janus Henderson Tactical Income (Silver). The result is a slight overweight to Australian and global bonds, and an underweight to cash.

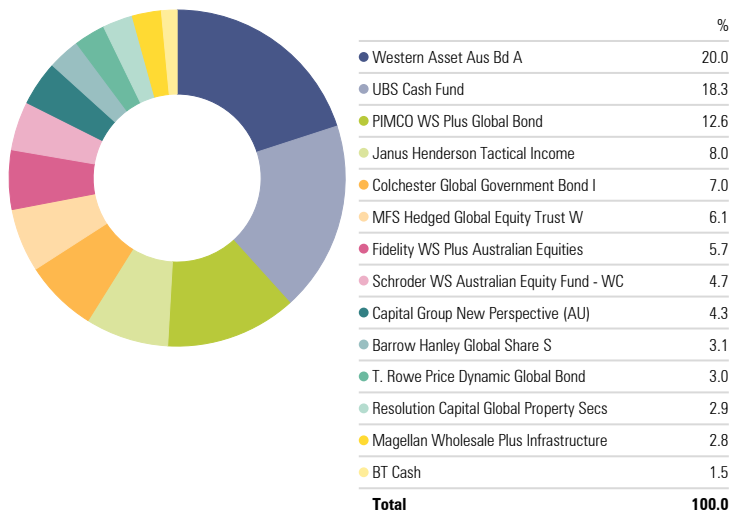
Equities

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation. As Australian equities have underperformed meaningfully year to date and relative valuations are no longer as compelling in favour of global equities, we've raised our exposure to Australian equity via a small increase to Fidelity Australian Equities (Gold). This means global equities maintains a slight overweight while the Australian equities underweight is reduced.

Previous Allocation



Current Allocation



Moderate Portfolio

Past portfolio changes tilted the portfolio to underweight growth assets and subsequent market movements rewarded that position. Given equity market weakness in September we have moderated that position, but still maintained a slight growth asset underweight.

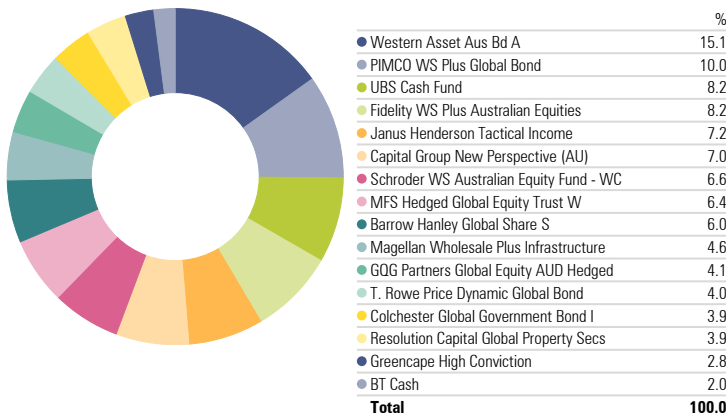
Fixed Income

Global bond yields have risen meaningfully over the past quarter which further increases the potential for economic growth to contract in the future. As such we have increased our exposure to PIMCO Wholesale Plus Global Bond (Gold) and to Colchester Global Government Bond Fund (Bronze) to take advantage of attractive yields on offer, they have risen much more than local yields. This has been funded from cash and a sell down of our low duration manager, T. Rowe Price Dynamic Global Bond (Bronze). The result is a slight overweight to Australian and global bonds, and an underweight to cash.

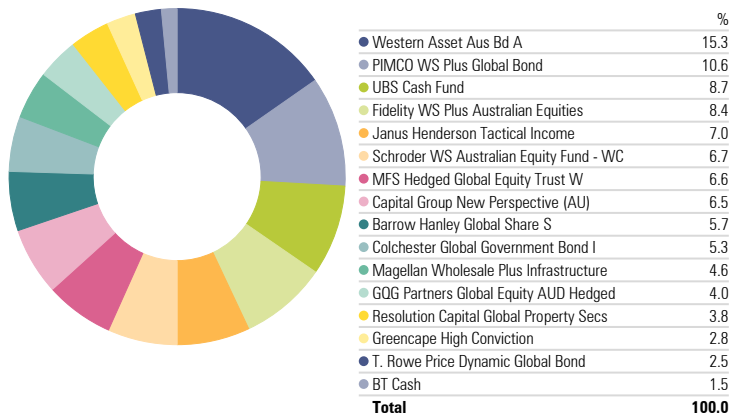
Equities

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation. As Australian equities have underperformed meaningfully year to date and relative valuations are no longer as compelling in favour of global equities, we've raised our exposure to Australian equity via a small increase to Fidelity Australian Equities (Gold) and we've used this opportunity to top up some exposure to MFS Fully Hedged Global Equity Trust (Gold) due to relative performance. We've funded this from the global equity managers, Capital Group New Perspective (Gold), GQG Partners Global Equity - AUD Hedged (Gold) and Barrow Hanley Global Share Fund - Class S (Gold), to fund the Australian equity increases. The result is global equities maintains a slight overweight while the Australian equities underweight is reduced.

Previous Allocation



Current Allocation



Balanced Portfolio

Past portfolio changes tilted the portfolio to underweight growth assets and subsequent market movements rewarded that position. Given equity market weakness in September we have moderated that position, but still maintained a slight growth asset underweight.

Fixed Income

Global bond yields have risen meaningfully over the past quarter which further increases the potential for economic growth to contract in the future. As such we have increased our exposure to Colchester Global Government Bond Fund (Bronze) to take advantage of attractive yields on offer, they have risen much more than local yields. The result is a slight overweight to Australian and global bonds, and an underweight to cash.

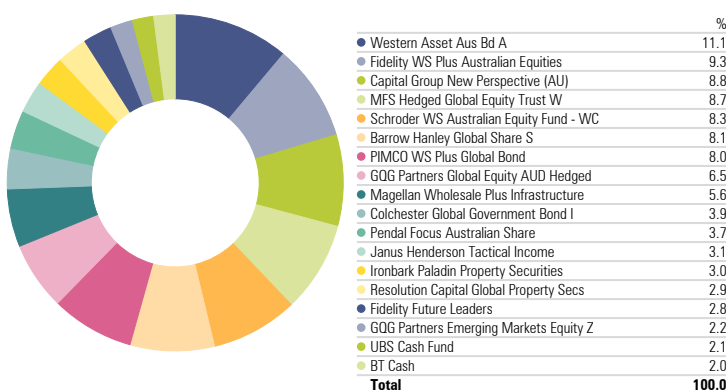
Equities

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation. As Australian equities have underperformed meaningfully year to date and relative valuations are no longer as compelling in favour of global equities, we've raised our exposure to Australian equity via a small increase to Fidelity Australian Equities (Gold) and Schroder Australian Equity Fund (Gold). We've also used this opportunity to top up some exposure to MFS Fully Hedged Global Equity Trust (Gold) due to relative performance. This was funded by cash. The result is a slight overweight to global equities while Australian equities has a small underweight.

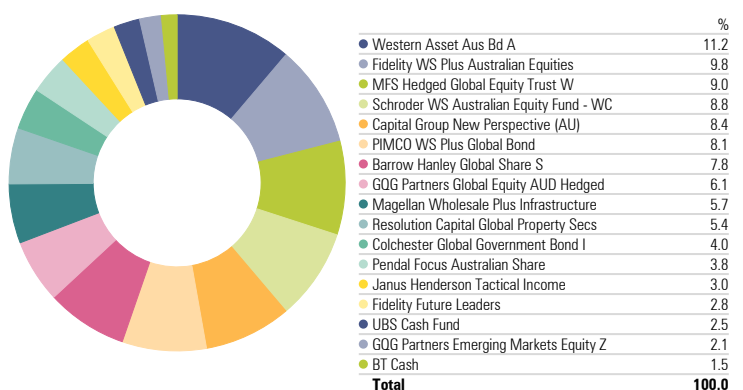
Property and Infrastructure

While it's been the smallest position of the real assets exposure, the portfolio has had exposure to Australian real estate investment trusts (AREIT) since launch. Considering the strong relative performance in the sector, we have taken this as an opportunity to exit AREITs and rebalanced back toward the global listed infrastructure and global REIT via our managers, Magellan Wholesale Plus Infrastructure Fund (Bronze) and Resolution Capital Global Property Securities Fund (Silver). The result is an underweight to real assets, a minor tilt towards infrastructure over global REITs, and no direct exposure to AREITs.

Previous Allocation



Current Allocation



Growth Portfolio

Past portfolio changes tilted the portfolio to underweight growth assets and subsequent market movements rewarded that position. Given equity market weakness in September we have moderated that position, but still maintained a slight growth asset underweight.

Fixed Income

There was no change to the fixed income allocations in October.

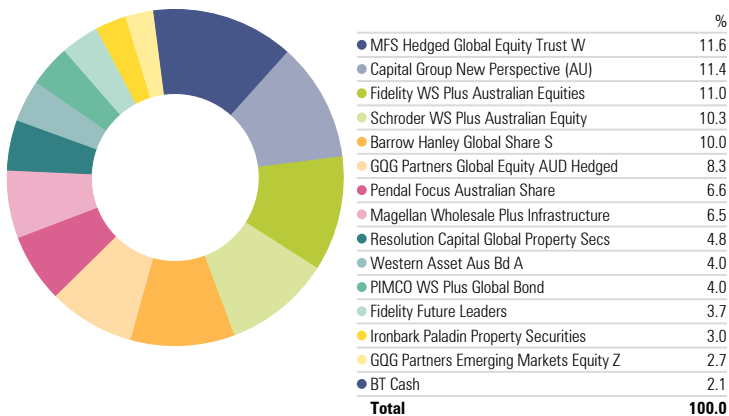
Equities

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation. As Australian equities have underperformed meaningfully year to date and relative valuations are no longer as compelling in favour of global equities, we've raised our exposure to Australian equity via a small increase to Fidelity Australian Equities (Gold). This was funded from cash and a small decrease in GQG Partners Global Equity Fund – AUD Hedged Class (Gold). The result is a slight overweight to global equities while Australian equities has a small underweight.

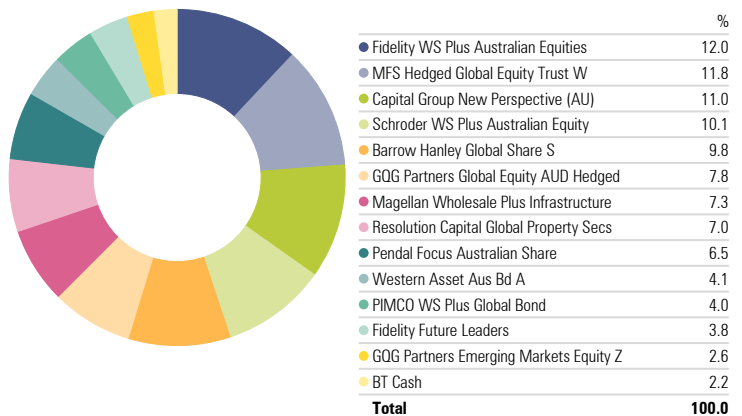
Property and Infrastructure

While it's been the smallest position of the real assets exposure, the portfolio has had exposure to Australian real estate investment trusts (AREIT) since launch. Considering the strong relative performance in the sector, we have taken this as an opportunity to exit AREITs and rebalanced back toward the global listed infrastructure and global REIT via our managers, Magellan Wholesale Plus Infrastructure Fund (Bronze) and Resolution Capital Global Property Securities Fund (Silver). The result is an underweight to real assets, a minor tilt towards infrastructure over global REITs, and no direct exposure to AREITs.

Previous Allocation



Current Allocation



High Growth Portfolio

Past portfolio changes tilted the portfolio to underweight growth assets and subsequent market movements rewarded that position. Given equity market weakness in September we have moderated that position, but still maintained a slight growth asset underweight.

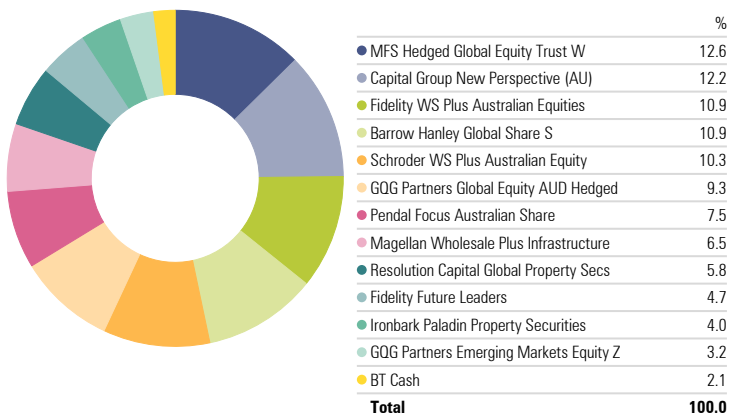
Equities

The portfolio's equity allocation maintains a preference to global over local stocks due to diversification and relative valuation. As Australian equities have underperformed meaningfully year to date and relative valuations are no longer as compelling in favour of global equities, we've raised our exposure to Australian equity via a small increase to Fidelity Australian Equities (Gold), Pendal Focus Australian Share Fund (Gold) and Fidelity Future Leaders Fund (Silver). We have used performance from the global equity managers, Capital Group New Perspective (Gold) and GQG Partners Global Equity - AUD Hedged (Gold) to fund the Australian equity increases. The result is global equities maintains a slight overweight while the Australian equities underweight is reduced.

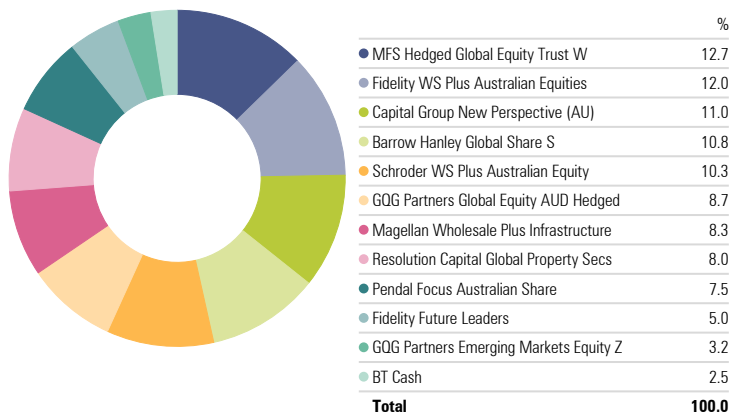
Property and Infrastructure

While it's been the smallest position of the real assets exposure, the portfolio has had exposure to Australian real estate investment trusts (AREIT) since launch. Considering the strong relative performance in the sector, we have taken this as an opportunity to exit AREITs and rebalanced back toward the global listed infrastructure and global REIT via our managers, Magellan Wholesale Plus Infrastructure Fund (Bronze) and Resolution Capital Global Property Securities Fund (Silver). The result is an underweight to real assets, a minor tilt towards infrastructure over global REITs, and no direct exposure to AREITs.

Previous Allocation



Current Allocation



Contact Us

Should you need any further information or have questions relating to the content, please contact our team.

AuAdviserSolutions@morningstar.com | 1800 951 999(AU) |

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