

# Ventura Morningstar Defensive Model



vMAPs Model Profile | August 2017

## Commentary

The increased tension surrounding North Korea was arguably the biggest influence on market sentiment in August, triggering a subtle flight to safety among financial markets. August was also no exception to the usual political deadlock, including further instability in the Trump administration and the ongoing Brexit 'va-et-vient' between the U.K. and E.U. negotiators.

Although volatility during the month was low, the above backdrop was slightly more favourable to safe-haven assets, as evidenced by a rise in gold prices (up 4% and hitting a 1-year high) and a slight outperformance of government bonds over equities in local currency terms. For sterling investors however, exposure to overseas assets not denominated in sterling was rewarded due to the weakness from the pound.

Among equities, emerging markets have now outperformed developed markets for an 8th month in a row, supported by strong Chinese and Brazilian equities. Conversely, in the developed world, Europe ex UK and Japan posted small negative returns for the month as a whole. At a sector level globally, the performance gap between technology and energy moved another 5% and is now an extraordinary 37% year-to-date (energy down 7.5% and technology up 29.5% year-to-date in US dollar terms).

Within fixed income, UK gilts were the best performer, with emerging market debt assets also benefiting. More broadly, developed world government debt outperformed corporate debt following a flight to safety and a reduced likelihood of interest rate rises in the short term in the developed world.

The earnings growth that has propelled markets in the last year has been driven by a narrow subset of the investment universe, being mostly attributable to profit margin expansion among financials and energy companies. This could easily prove to be cyclical and therefore a possible mean-reverting phenomenon.

## Model Composition

31/08/2017

Asset Class	Min	NP	Actual	Max
Australian Equities	0.0	6.0	5.2	15.0
Global Equities	0.0	5.0	5.4	15.0
AREIT	0.0	3.0	1.2	10.0
Global Property	0.0	0.0	0.0	10.0
Global Infrastructure	0.0	0.0	0.0	10.0
Alternatives	0.0	2.0	2.0	20.0
Aust Fixed Income	0.0	21.0	15.9	65.0
Global Fixed Income (Hedged)	0.0	19.0	17.6	65.0
Global Inflation Linked Bonds (Hedged)	0.0	8.0	5.9	30.0
Cash	10.0	36.0	46.7	90.0
		<b>100.0</b>	<b>100.0</b>	
		Growth	15.0	12.8
		Income	85.0	87.2

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

## Model Performance

31/08/2017

Period	Income %	Growth %	Total %
1mth	0.11	0.07	0.18
3mths	0.32	-0.89	-0.57
6mths	1.03	0.35	1.38
1 yr (%) pa	2.17	-1.62	0.55
3 yr (%) pa	2.27	0.74	3.01

The Ventura Morningstar Defensive 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.

## Top Holdings

31/08/2017

Security	Portfolio %
1 iShares Core Cash ETF	23.3
2 Morningstar International Bonds	17.6
3 BetaShares Australian High Interest Cash ETF	16.3
4 iShares Composite Bond ETF	15.9
5 Cash Account	7.2
6 iShares Government Inflation ETF	5.9
7 iShares MSCI Emerging Markets ETF	2.4
8 Morningstar Multi-Asset Real Return Fund	2.0
9 iShares Europe ETF	1.6
10 iShares MSCI Japan ETF	1.4
11 Telstra Corporation Limited	0.8
12 Brambles Ltd	0.8
13 QBE Insurance Group Limited	0.7
14 Westfield Corporation	0.7
15 Commonwealth Bank of Australia	0.7
16 Medibank Private Ltd.	0.6
17 Ansell Limited	0.6
18 GPT Group	0.6
19 Coca-Cola Amatil Limited	0.5
20 Crown Resorts Limited	0.4

## Model Details

<b>Objective</b>	CPI+0.75%
<b>Suggested timeframe</b>	2yrs
<b>Number of securities</b>	25-80
<b>Estimated max. turnover</b>	<40%
<b>Model Management Fee</b>	0.55%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.**

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