

Ventura Morningstar Balanced Model



vMAPs Model Profile | May 2017

Commentary

The month of May saw further advances for financial markets, with both equities and fixed income delivering further gains. The key support for this success was the French election, which passed with a victory for centrist candidate Emmanuel Macron. This victory for the pro-European politician sparked a strong rally among European assets and the euro.

The strength in Europe helped push developed market equities (2.1% in US dollar terms) ahead of emerging markets (1.6%) in aggregate through May. French equities unsurprisingly rallied, although the returns were in line with Germany and behind the peripheral members including Greece, Italy and Portugal. Outside of Europe, almost every major global market also delivered positive returns.

In a change from prior months, the U.S. was one of the weaker markets. As the U.S. market continues to test record highs, a Donald Trump impeachment threat combined with a subtle turning of data momentum. This saw large-caps modestly increase while small-caps slipped over the month. The U.K. saw a similar theme of large-cap strength, with the calling of a snap election ignored and the FTSE 100 performing strongly.

Utilities, technology and consumer staples were the biggest beneficiaries at a sector level. Meanwhile, energy suffered following the decision by OPEC members only to extend existing output cuts rather than reduce production further. Despite increased volatility, the US dollar held its ground against sterling but fell more than 3% against the euro and 1% against the Chinese yuan.

Within fixed income, similar themes transpired. European fixed income was the standout for the month as political uncertainty at the start of the month led investors to shelter in the safety of sovereigns, despite the low yields. Meanwhile U.S. yields flatlined. Nominal bonds also generally outperformed inflation-protected assets over the month.

Model Composition

31/05/2017

Asset Class	Min	NP	Actual	Max
Australian Equities	0.0	21.0	10.3	45
Global Equities	0.0	15.0	30.9	45
AREIT	0.0	5.0	2.7	20
Global Property	0.0	2.0	0.0	20
Global Infrastructure	0.0	3.0	0.0	15
Alternatives	0.0	8.0	3.3	25
Aust Fixed Income	0.0	15.0	10.5	30
Global Fixed Income (Hedged)	0.0	12.0	11.1	30
Global Inflation Linked Bonds (Hedged)	0.0	6.0	4.3	20
Cash	0.0	13.0	26.9	55
		100.0	100.0	
	Growth	50.0	45.5	
	Income	50.0	54.5	

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

31/05/2017

Period	Income %	Growth %	Total %
1mth	0.10	1.22	1.32
3mths	0.89	3.19	4.07
6mths	1.76	4.56	6.32
1 yr (%) pa	3.33	3.42	6.76
3 yr (%) pa	2.80	4.11	6.91

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. To provide a longer term view of this Model's performance we have shown returns from the underlying Model Manager which has been managed on the same basis.

Top Holdings

31/05/2017

Security	Portfolio %
1 Cash Account	15.5
2 BetaShares Australian High Interest Cash ETF	11.4
3 iShares Composite Bond ETF	10.5
4 Morningstar Int Bonds Active Hedged	9.1
5 Morningstar International Shares Core (Hedged)	8.8
6 iShares Europe ETF	5.5
7 iShares MSCI Emerging Markets ETF	5.0
8 iShares Government Inflation ETF	4.3
9 iShares MSCI Japan ETF	3.5
10 Morningstar Diversified Alternatives Trust	3.3
11 iShares Global Healthcare ETF CDI	2.0
12 BetaShares British Pound ETF	2.0
13 Vanguard International Credit Securities Index Fd (Hedged) ETF	1.9
14 iShares MSCI South Korea Capped ETF	1.7
15 iShares MSCI Taiwan ETF	1.4
16 Morningstar International Shares Core (Unhedged)	1.1
17 Brambles Ltd	1.0
18 GPT Group	0.9
19 Telstra Corporation Limited	0.9
20 Perpetual Limited	0.8

Model Details

Objective	CPI+2.5%
Suggested timeframe	5yrs
Number of securities	25-80
Estimated max. turnover	<40%
Model Management Fee	0.605%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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