



# MAPS Core Balanced Portfolio

## Portfolio Update

### Finding Footing

**The Trade Update provides an update on our investment strategy for the MAPS Core Balanced Portfolio. It is a summary of our basis for the strategy. This Trade Update should not be used to make any investment decision regarding any particular financial product (or class of financial products). Please speak with your financial adviser if you would like any advice about any potential investment decision.**

*As per the Morgan Stanley Wealth Management Australia Implementation Report, 24 June 2024:*

We continue to build our equity allocation towards a mild Overweight given the broadly constructive 12-month outlook. Momentum remains strong with US markets reaching another all-time high last week. In addition, recent price movements have clearly shown that markets prefer a weaker macro/inflation backdrop given it supports the perspective of rate cuts later this year - although only up to a certain level and as long as recession concerns do not re-emerge. On the other end of the risk spectrum, (geo)political risks and inflation pressures remain and we therefore proceed with a cautious increase of our equity allocation.

Within Developed Markets (DM), Japan, Europe and Quality remain our preferred exposures, but we also see the Mega-cap Growth segment (including artificial intelligence beneficiaries) as continuing to lead from an earnings generation standpoint and we therefore increase our positioning through exposure to the Nasdaq Index.

In addition, we believe the recent inflation data across PCE, CPI and PPI add to our view that the rebound in inflation was temporary and normalization will unfold throughout the rest of this year. This will likely facilitate the Federal Reserve lowering rates in September and bond yields to fall further. This is also supportive of the Growth cohort – (as opposed to Value) and our mild duration Overweight in global bonds.

We initiate a position in India equities. Multi-polar world trends are supporting foreign direct investment and portfolio flows, while positive demographics and success in macro stability underpin a strong capex and profit outlook. Following the election, with government continuity now in place, we believe the market can look forward to further structural reforms, giving us more confidence in the earnings cycle.

Finally we re-hedge a portfolio of our International Equity exposure. The AUD/USD has seen steady resistance around the 67 cent level in the past few months. However, if our scenario of i) stronger markets, ii) Chinese growth improvement, and iii) weaker growth and rate cuts in the US materialise - versus a mix of hawkish monetary policy and expansionary fiscal policy in Australia – we will likely see a stronger AUD in the second half of the year which could potentially overshoot our 12-month target of 68 cents.

## Portfolio Changes:

*As per the Morgan Stanley Wealth Management Australia Implementation Report, 24 June 2024:*

Within International Equities, we add to our Mega-cap Technology exposure via a position in Nasdaq Index tracking funds. We liquidate our direct allocations to the Minimum Volatility and Value factors given the DM environment is typically more favourable to Growth and Quality style stocks. We initiate an allocation to India equities.

In Fixed Income, we have reduced our allocation to Corporate Credit and Floating Rate Credit.

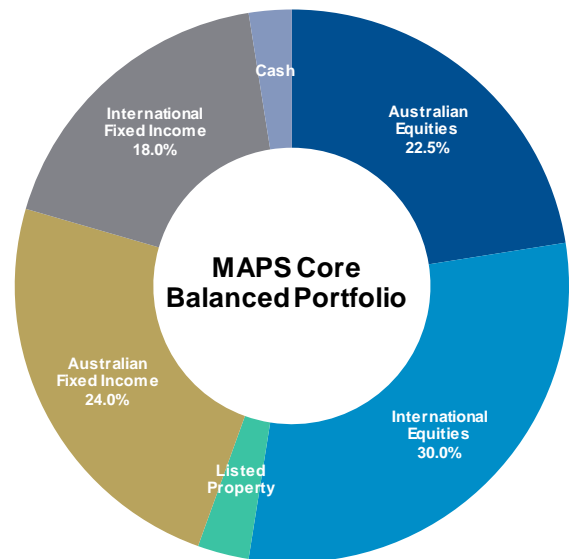
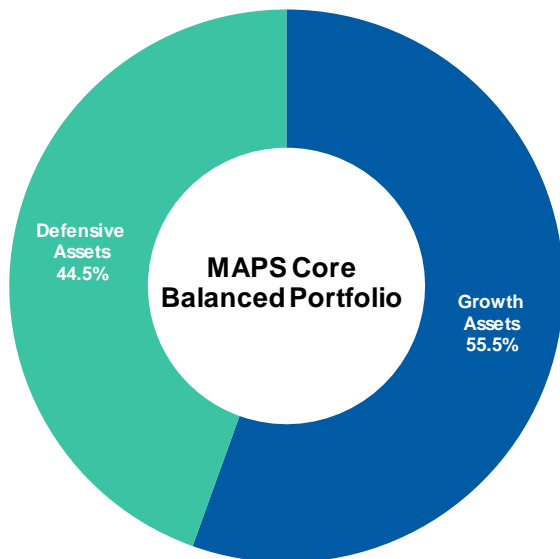
In Alternative Assets, we take profits in our exposure to Private Equity Secondaries as discounts in the secondary market have narrowed substantially and nascent signs of increasing Private Market activity bode well for direct and primary transactions in the second half of this year.

The trades in the MAPS Core Balanced Portfolio are as follows:

- Decreased by 3.5% the Vanguard MSCI Intl ETF (VGS.AX). The Vanguard MSCI International ETF tracks the MSCI World ex-Australia Index. The underlying index is a market capitalisation weighted index providing exposure to approximately 22 Developed Markets. VGS.AX is tilted towards Information Technology, Financials and Healthcare companies with a country bias towards the US (~69%) and is the unhedged version of this index
- Opened a 4.5% position in the Vanguard MSCI Intl (Hdg) ETF (VGAD.AX). The Vanguard MSCI International (Hedged) ETF tracks the MSCI World ex-Australia Index. The underlying index is a market capitalisation weighted index providing exposure to approximately 22 Developed Markets. This ETF is tilted towards Information Technology, Financials and Healthcare companies with a country bias towards the US (~69%) and is the hedged version of this index.
- Opened a 2.5% position in the JPMorgan Global Select Equity I (PER6443AU). The JPMorgan Global Select Equity Fund invests in large-cap global equity securities using a fundamental investment process with a focus on companies which have a competitive advantage, stable and growing earnings, as well as attractive valuations relative to sector peers. The portfolio will hold between 70 and 90 stocks and is constructed using a benchmark aware approach.
- Sold a 2.0% position in the VanEck MSCI Intl Val ETF (VLUE.AX).
- Sold a 1.0% position in the iShares MSCI World ex Aus Min Vol ETF (WVOL.AX).
- Opened a 1.0% position in the BetaShares NASDAQ 100 ETF Ccy H (HNDQ.AX). The BetaShares NASDAQ 100 ETF (AUD Hedged) tracks the performance of the NASDAQ-100 Index. NDQ provides investors with access to the largest non-financial companies listed on the NASDAQ with a technology focus. The underlying index requires constituents to meet certain criteria including a security must be issued by a non-financial company, and the issuer of the security's primary US listing must be exclusively listed on the NASDAQ Global Market, with an average daily trading volume of at least 200,000 shares. This is a hedged version
- Reduced by 0.5% the iShares MSCI Japan ETF (AU) (IJP.AX). The iShares MSCI Japan ETF tracks the performance of the MSCI Japan Index. The index is a portfolio of diversified, market capitalisation weighted mid and large-cap Japanese companies.
- Decreased by 1.0% the Regnan Credit Impact Trust (PDL5969AU). The Regnan Credit Impact Trust invests in Australian Fixed Income securities, focusing on corporate credit and supra/semi-government debt with minimal duration exposure, as well as Impact Investing. A large portion of the Fund (~60%) is invested in Social, Green and Sustainable bonds with the remainder of the portfolio consisting of ethically screened issuers/securities.

MAPS Core Balanced Portfolio

Asset Class	Code	Instrument Name	Management Fee	Performance Fee	Previous Weights	New Weights	Weight Changes
<b>Growth Assets</b>					54.5%	55.5%	+1.0%
<b>Australian Equities</b>					22.5%	22.5%	
Large Core	A200.AX	BetaShares Australia 200 ETF	0.04%		10.0%	10.0%	
Large Core (a)	RFA0059AU	Pendal Focus Australian Share	0.75%	15.0%	4.0%	4.0%	
Large Core Systematic	MAQ0443AU	Macquarie Australian Shares	0.60%		6.0%	6.0%	
Resources	MVR.AX	VanEck Australian Resources ETF	0.35%		1.0%	1.0%	
High Dividend	VHY.AX	Vanguard Australian Shares High Yld ETF	0.25%		1.5%	1.5%	
<b>International Equities</b>					29.0%	30.0%	+1.0%
Global Core	VGS.AX	Vanguard MSCI Intl ETF	0.18%		7.5%	4.0%	-3.5%
Global Core (h)	VGAD.AX	Vanguard MSCI Intl (Hdg) ETF	0.21%		0.0%	4.5%	+4.5%
Global Core (a)	PER6443AU	JPMorgan Global Select Equity I	0.08%		0.0%	2.5%	+2.5%
Global Core Sustainable	ETL0561AU	Robeco Glb Dev Sust Enhncd Idx Eq (AUD)B	0.30%		3.0%	3.0%	
Global Quality	QUAL.AX	Vaneck Msci International Quality Etf	0.40%		2.0%	2.0%	
Global Quality (a)	GMO1447AU	GMO Quality Trust	0.61%		4.5%	4.5%	
Global Value	VLUE.AX	VanEck MSCI Intl Val ETF	0.40%		2.0%	0.0%	-2.0%
Global Min Vol	WVOL.AX	iShares MSCI World ex Aus Min Vol ETF	0.30%		1.0%	0.0%	-1.0%
US Equities	VTS.AX	Vanguard US Total Market Shares ETF	0.03%		1.0%	1.0%	
US Buy Write	JEPLAX	JPMorgan Equity Premium Income ActiveETF	0.40%		3.0%	3.0%	
US Technology (h)	HNDQ.AX	BetaShares NASDAQ 100 ETF Ccy H	0.51%		0.0%	1.0%	+1.0%
European Equities	ESTX.AX	Global X EURO STOXX 50® ETF	0.35%		1.5%	1.5%	
Japanese Equities	JP.AX	iShares MSCI Japan ETF (AU)	0.50%		2.5%	2.0%	-0.5%
Emerging Markets	IEMAX	iShares MSCI Emerging Markets ETF (AU)	0.69%		1.0%	1.0%	
<b>Listed Property</b>					3.0%	3.0%	
Australian REITs	VAP.AX	Vanguard Australian Property Secs ETF	0.23%		1.0%	1.0%	
Global Infrastructure	VBLD.AX	Vanguard Global Infrastructure ETF	0.47%		2.0%	2.0%	
<b>Defensive Assets</b>					45.5%	44.5%	-1.0%
<b>Australian Fixed Income</b>					25.0%	24.0%	-1.0%
Domestic Diversified (a)	BTA0507AU	Pendal Sustainable Aust Fixed Interest	0.40%		10.0%	10.0%	
Australian Government Bonds	VGB.AX	Vanguard Australian Government Bond ETF	0.20%		4.0%	4.0%	
Australian IG Credit	VACF.AX	Vanguard Australian Corp Fxd Intr ETF	0.20%		5.0%	5.0%	
Floating Rate Notes (a)	PDL5969AU	Regnan Credit Impact Trust	0.50%		2.5%	1.5%	-1.0%
Australian Subdebt	SUBD.AX	VanEck Australian Sbdntd Dbt ETF	0.29%		3.5%	3.5%	
<b>International Fixed Income</b>					18.0%	18.0%	
Global Diversified (a)	ETL0018AU	PIMCO Global Bond W	0.49%		2.0%	2.0%	
Government Bonds	VIF.AX	Vanguard Intl Fxd Intr (Hdg) ETF	0.20%		12.5%	12.5%	
Global IG Credit (a)	CIM0161AU	Capital Group Global Corp Bond Hedged	0.50%		2.0%	2.0%	
Senior Loans	CNA0805AU	Invesco WS Senior Secured Income	0.75%		1.5%	1.5%	
<b>Cash</b>					2.5%	2.5%	
Cash AUD	AAA.AX	BetaShares Aus High Interest Cash ETF	0.18%		2.5%	2.5%	
<b>TOTAL</b>					100.0%	100.0%	



Source: MSWM Research, Morningstar. As at 24 June 2024. May not sum due to rounding. Previous and New Weights represent transaction dates.

## **Important Information**

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