

Morgan Stanley

MAPS Core Conservative Portfolio



IMAP
MANAGED ACCOUNT
AWARD WINNER
MULTI ASSET



IMAP
MANAGED ACCOUNT
AWARD WINNER
LICENSEE MANAGED
ACCOUNT



Investment Objective

The Morgan Stanley Wealth Management MAPS (Multi-Asset Portfolio Solutions) Core Conservative Portfolio is an actively-managed diversified portfolio that invests in Exchange Traded Funds (ETFs) and Managed Funds. The strategy seeks to achieve CPI+ 2% over a rolling 3 year period.

Investment Approach

The MAPS Core Conservative Portfolio draws from Morgan Stanley's leading insights and specifically aligns to the needs of investors with a Conservative risk profile. The portfolio has a core strategic asset allocation range of 0%-29% in growth assets and 71%-100% in defensive assets. It is designed to capture value at several points in the investment process; asset allocation, manager selection, portfolio construction and risk management. The portfolio seeks out the highest quality ETFs and Managed Funds.

Investment Team

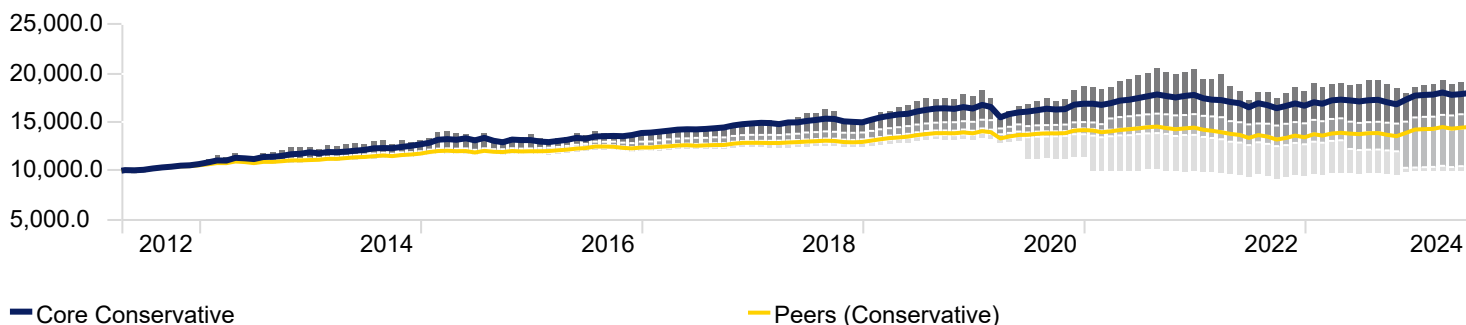
The strategy is managed by the Morgan Stanley Wealth Management Research team and implemented by the Investment Solutions team. The Research team draws on the global resources of Morgan Stanley (more than 750 analysts, strategists and economists across 21 countries) and also leverages the asset allocation insights from the Morgan Stanley Global Investment Committee (GIC).

Growth of \$10,000 Since Strategy Inception

Time Period: 19/04/2012 to 30/06/2024

Peer Group (5-95%): Open End Funds - Australia - Multisector Conservative

■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



Trailing Returns (Strategy Inception is 18 April 2012)

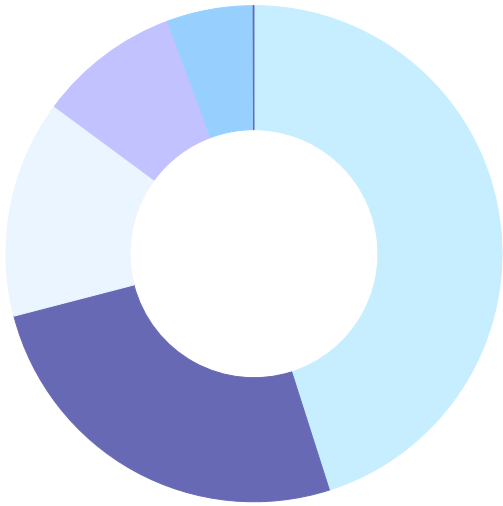
As of Date: 30/06/2024

	1 Month	3 Month	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Core Conservative	0.7	-0.2	5.1	1.0	2.3	3.4	4.0	4.9
Peers (Conservative)	0.6	0.0	5.5	0.5	1.4	2.3	2.6	3.2

The table and graph above show the performance of the hypothetical model. These performance figures are higher than the performance figures of the actual portfolio, because the hypothetical performance figures do not take into account transaction fees and costs. Differences in performance between the hypothetical portfolio and the actual portfolio will differ because the hypothetical portfolio uses end of day pricing, whereas transactions in the actual portfolio will be executed at different times. "Peers" referenced above refers to the Morningstar Australia Multisector Conservative Category Average. Performance is net of ICRs (indirect cost ratio). The MAPS Core Conservative Portfolio is based on the Core Conservative model published by the Morgan Stanley Wealth Management Research team. Past performance is not indicative of future results. Data above is sourced from Morningstar and Morgan Stanley Wealth Management Australia Research. Morgan Stanley Wealth Management Australia was the winner in the Licensee category for the 2022 IMAP Managed Account Awards for the third consecutive year. Morgan Stanley Wealth Management Australia's MAPS was awarded a Superior rating (4.25/5 star rating) in 2023, where SQM Research considers the strategy to have substantial potential to outperform over the medium-to-long-term.

Asset Allocation

Portfolio Date: 30/06/2024



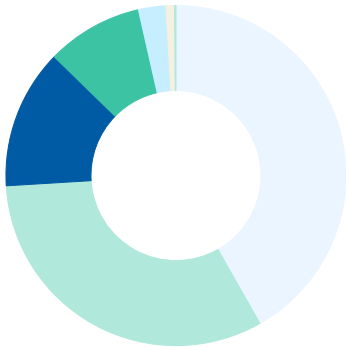
	%
Domestic Fixed Interest	45.1
International Fixed Interest	25.9
Cash	14.2
International Equities	9.2
Domestic Equities	5.6
Other	0.1
Total	100.0

Asset Allocation Ranges

	Min %	Target %	Max %
Australian Equities	0%	7%	17%
Australian Fixed Interest	30%	50%	60%
International Equities	0%	5%	15%
International Fixed Interest	10%	20%	40%
Listed Property	0%	2%	12%
Cash	10%	16%	30%

Equity Regions

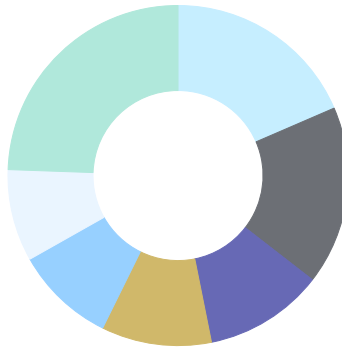
Portfolio Date: 30/06/2024



	%
North America	41.8
Australasia	32.3
Europe dev	13.3
Japan	9.2
United Kingdom	2.6
Asia dev	0.8
Other	0.1
Total	100.0

Equity Sectors

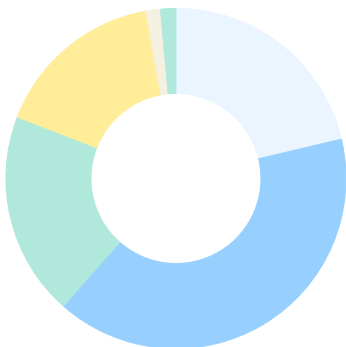
Portfolio Date: 30/06/2024



	%
Financial Services	18.5
Technology	17.0
Healthcare	11.3
Industrials	10.5
Consumer Cyclical	9.5
Basic Materials	8.7
Other	24.4
Total	100.0

Fixed Income Sectors

Portfolio Date: 30/06/2024



	%
Government	21.3
Government Related	20.2
Forward/Future	20.1
Corporate Bond	19.4
Cash & Equivalents	16.3
Agency Mortgage-Backed	1.4
Other	1.5
Total	100.0

Equity Style

Portfolio Date: 30/06/2024



	%
Value	30.8
Core	37.3
Growth	31.8
Total	100.0

Market Commentary

The 2nd quarter (2Q) saw weak performance from most major asset classes except International equities (MSCI ACWI ex Australia Net Total Return (TR) Index: +0.5%) and Cash (Bloomberg AusBond Bank Bill Index: +1.1%) with A-REITs being the worst performing asset class (S&P/ASX 300 A-REIT TR Index -5.7%).

Australian equities continued to improve in June, with the S&P/ASX 300 TR Index advancing 0.9%. While falling 1.2% over the 2Q, Australian Equities finished the financial year returning 11.9%. Technology has been a strong performing sector calendar year-to-date.

Global equities continued their momentum in June (MSCI ACWI ex Australia Net TR Index: June +1.7%, 2Q +0.5%, FY24 +19.4%). US stocks exhibited solid returns in Australian dollar (AUD) terms (S&P 500 TR Index: June +3.1%, 2Q +1.8%, FY24 +24.5%) amid strength in technology shares. Developed Markets (DM) broadly recovered in June (MSCI World ex Australia Net TR Index: +1.6%) to finish the financial year returning 19.9%, although Japanese equities continued their retreat in AUD terms (TOPIX Net TR Index: June -1.4%, 2Q -6.6%). European equities were the greatest laggard for the month (MSCI Europe Net TR Index -2.7%) although returned 11.5% over the financial year. Emerging Markets (EM) retraced last month's losses in June despite weakness in China equities in AUD terms (MSCI Emerging Net TR Index: +3.4%, MSCI China Net TR Index: -2.4%). In AUD terms, China was the best performing major equity market for the quarter but the weakest over the financial year (MSCI China Net TR Index: 2Q +4.6%, FY24 -1.7%)

In June, Australian Fixed Income continued the advance which occurred in May, but remains negative for the quarter (Bloomberg AusBond Composite Index: June +0.8%, 2Q -0.8%). This consecutive monthly advance also occurred for International bonds (Bloomberg Global Aggregate TR Hedged AUD Index: June +0.8%, 2Q -0.2%). Leveraged Loans have been a standout in the financial year, despite declining across the month and the quarter in AUD terms (Morningstar LSTA US Leveraged Loan TR Hedged AUD Index: June -0.1%, 2Q -0.4%, FY24 +11.0%). Hybrids have been a consistent outperformer within Australian Fixed Income (Solactive Australian Hybrid Securities (Gross) Index: June +1.4%, 2Q +1.9%, FY24 +9.2%). Over FY24 International High Yield was the second best performing International Fixed Income asset class (Bloomberg Global High Yield TR Hedged AUD Index: +10.8%) after Leveraged Loans.

Commodities as a broad asset class have seen mixed performance, retracing some of May's underperformance in June but still finishing the quarter lower. The asset class was a strong performer over FY24 (S&P GSCI TR Index: June +0.9%, 2Q -1.7%, FY24 +14.9%) in AUD terms. Energy and Oil were the only two commodities that posted positive returns in AUD terms for the month of June (S&P GSCI Energy TR Index: +5.3%, Brent Oil A\$/barrel: +4.6%).

All major currencies depreciated against the AUD in June and the 2Q (USD/AUD: June -0.3%, 2Q -2.2%. Chinese Renminbi/AUD: June -0.7%, 2Q -2.9%. British Pound/AUD: June -1.0% 2Q: -2.2%. Euro/AUD: June -1.5%, Q2 -3.0%. Japanese yen (JPY)/AUD: June -2.5%, 2Q -8.1%). The JPY/AUD continues to be the laggard returning -10.4% in the financial year.

Source: Morgan Stanley Research, MSWM Research

Top Holdings - Core Conservative

Portfolio Date: 30/06/2024

	Portfolio Weighting %
Pendal Sustainable Aust Fixed Interest	19.95
Vanguard Intl Fxd Intr (Hdg) ETF	16.99
BetaShares Aus High Interest Cash ETF	12.53
Vanguard Australian Corp Fxd Intr ETF	7.49
Vanguard Australian Government Bond ETF	7.47
VanEck Australian Sbdntd Dbt ETF	6.52
Regnan Credit Impact Trust	4.01
PIMCO Global Bond W	4.00
BetaShares Australia 200 ETF	3.53
Invesco WS Senior Secured Income	3.01
Capital Group Global Corp Bond Hedged	2.99
Vanguard MSCI Intl (Hdg) ETF	2.02
GMO Quality Trust	1.94
Vanguard MSCI Intl ETF	1.52
Macquarie Australian Shares	1.51

Portfolio Information

Strategy inception: 18 April 2012

Minimum investment: \$25,000

Model portfolio fee: Please refer to the platform PDS or speak with your financial adviser.

Typical number of holdings: The portfolio will typically hold up to 35 underlying assets.

Estimated management expense ratio (MER): Less than 0.45% pa (This is an estimate of the current MER for the underlying assets. These are reflected in the unit price of the underlying securities and are not charged to you as a fee or retained by Morgan Stanley Wealth Management.)

Portfolio Statistics

12 Mo Yield	2.83
Std Dev 10 Yr (Mo-End)	4.42
Sharpe Ratio 10 Yr (Mo-End)	-0.13
Sortino Ratio 10 Yr (Mo-End)	-0.13

Benchmark

The Investment Solutions team sets the benchmark for the MAPS Core Conservative Portfolio by referring to analysis generated by the Wealth Management Research team.

The portfolio has a dual benchmark. A real return benchmark (i.e. targeting a premium over inflation) with an appropriate indicative time horizon for realisation; and a relative return objective, allowing investors to measure portfolio performance against the median comparable multi-asset portfolio in Australia as defined by Morningstar.

Risks

Investors should note that an investment in the portfolio through Morgan Stanley's Separately Managed Account (SMA) involves risk, including:

Market risk: The risk associated with factors that can influence the direction and volatility of an overall market, as opposed to security-specific risks. These factors can affect one country or a number of countries.

International investments risk: The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.

Currency risk: Currency exchange rate fluctuation risk arising from investing across multiple countries.

Interest rate risk: The risk arising from movements in interest rates which may cause the price of securities within the portfolio to fluctuate.

Credit risk: The risk of an issuing entity defaulting on its obligation to pay interest/principal when due.

Liquidity risk: The risk that an asset may not be converted to cash in a timely manner.

Counterparty risk: The risk of another party to a transaction failing to meet its obligations.

Leverage risk: Where underlying investments contain leverage, the movement in market prices may magnify the gains or losses within the portfolio. This may result in a loss of capital.

Investors should consider the relevant product disclosure statement or offer document (where available) for other risks that may apply.

morganstanley.com.au/maps

Important Information

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Before investing, you should ensure that you fully understand the relevant risk factors, the nature and extent of your risk of loss, as well as the legal, tax, and accounting consequences of the investment. You should also carefully evaluate whether the investment is appropriate for you in light of your experience, objectives, financial resources, and other relevant circumstances and whether you have the operational resources in place to monitor the associated risks and obligations over the term of the investment. We recommend that you obtain financial as well as tax advice based on your own individual circumstances before making an investment decision.

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