



MAPS Core Conservative Portfolio

Portfolio Update

Redrawing the Trump Card

The Trade Update provides an update on our investment strategy for the MAPS Core Conservative 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, 11 November 2024:

Market reaction following the US election indicated that the outcome could potentially result in another episode of a US-centred reflation trade (i.e. bullish for equities, US cyclical markets, 'old economy versus new economy' and the US dollar; while likely bearish for government bonds) - which we began positioning for last month (see Asset Allocation Insights: Joining the Dots: In the running, October 17, 2024). However, for the equity/cyclical rally to continue, the market has to have the confidence that the policy mix will lead to a gradual rise in inflation, aligned with strong(er) growth. A rising perception that measures could be extremely inflationary and negatively impact growth, will likely revive stagflation concerns, sending yields much further higher and potentially putting an early end to this rally.

In addition, we note that the initial market reaction to the election outcome essentially reinforced moves that had been building up in the last couple of weeks. However, it is important to note that patience is often rewarded in these situations. The trend initiated by markets in the first hours or days of trading following a major (geo)political event has often reversed in the following hours or days (e.g.: Brexit 2016, US elections 2020) as new elements - or analysis - lead to a rapid change in investors' perception and positioning.

In short, although we are pleased to witness most market moves validating our recent cyclical shift within our portfolio positioning, we await developments regarding President Trump's key priorities - given the important policy implications and impact on markets - before taking a firmer stance on markets.

Portfolio Changes:

As per the Morgan Stanley Wealth Management Australia Implementation Report, 11 November 2024:

Regardless of the final outcome of the US House elections, we see the Republican victory of the US Presidential and Senate elections as a tailwind for US equities and potentially a headwind for government bonds.

Market pricing for US treasury yields currently points to the expectation that the election results reduce the quantum of further rate cuts. We see reflationary policies in the US as potentially impacting the path for monetary easing in Australia further.

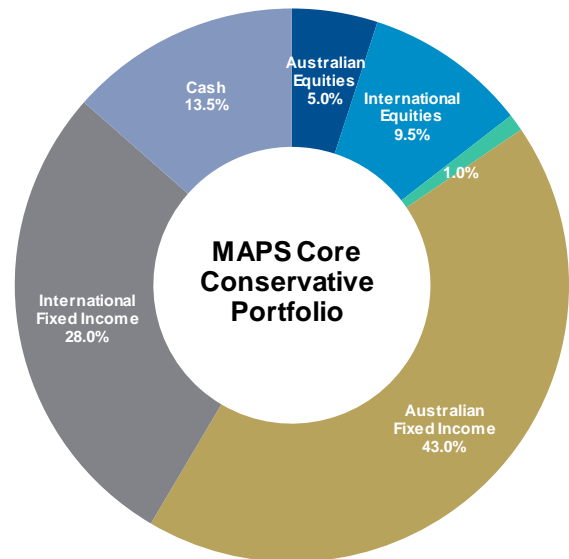
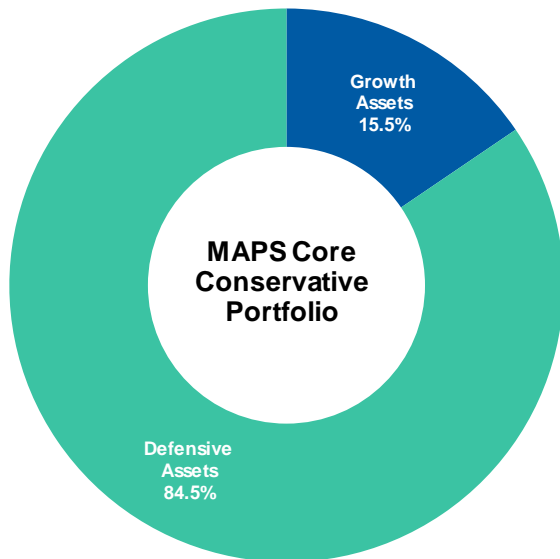
As a result we add to US shares, funded by a reduction in Australian Fixed Income.

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

- Opened a 1.0% position in the Vanguard US Total Market Shares ETF (VTS.AX). The Vanguard US Total Market Shares Index ETF (VTS.AX) tracks the performance of the CRSP US Total Market Total Return AUD Index. This index captures broad US equity market coverage and includes securities traded on the NYSE, NYSE American, ARCA, NASDAQ, CBoe or IEX exchanges. This ETF includes nearly 4,000 constituents across mega, large, small, and micro capitalisations, representing around 100% of the US investable equity market
- Decreased by 1.0% the Pandal Sustainable Aust Fixed Interest (BTA0507AU). The Pandal Sustainable Australian Fixed Interest Fund invests in Australian Fixed Income securities, taking a benchmark relative approach to sector allocation and applying a sustainable and ethical assessment process to security selection. A large portion of the Fund (30-40%) is invested in Social, Green and Sustainable bonds.

MAPS Core Conservative Portfolio

Asset Class	Code	Instrument Name	Management Fee	Performance Fee	Previous Weights	New Weights	Weight Changes
Growth Assets					14.5%	15.5%	+1.0%
Australian Equities					5.0%	5.0%	
Large Core	A200.AX	BetaShares Australia 200 ETF	0.04%		3.5%	3.5%	
Large Core Systematic	MAQ0443AU	Macquarie Australian Shares	0.60%		1.5%	1.5%	
International Equities					8.5%	9.5%	+1.0%
Global Core (h)	VGAD.AX	Vanguard MSCI Intl (Hdg) ETF	0.21%		1.5%	1.5%	
Global Core Sustainable	ETL0561AU	Robeco Glb Dev Sust Enhncd Idx Eq (AUD)B	0.30%		1.5%	1.5%	
Global Quality (a)	GMO1447AU	GMO Quality Trust	0.61%		2.0%	2.0%	
US Equities	VTS.AX	Vanguard US Total Market Shares ETF	0.03%		0.0%	1.0%	+1.0%
US Quality	MOAT.AX	VanEck Morningstar Wide Moat ETF	0.49%		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%		1.0%	1.0%	
Listed Property					1.0%	1.0%	
Global Infrastructure	VBLD.AX	Vanguard Global Infrastructure ETF	0.47%		1.0%	1.0%	
Defensive Assets					85.5%	84.5%	-1.0%
Australian Fixed Income					44.0%	43.0%	-1.0%
Domestic Diversified (a)	BTA0507AU	Pendal Sustainable Aust Fixed Interest	0.40%		20.0%	19.0%	-1.0%
Australian Government Bonds	VGB.AX	Vanguard Australian Government Bond ETF	0.20%		8.5%	8.5%	
Australian IG Credit	VACF.AX	Vanguard Australian Corp Fxd Intr ETF	0.20%		7.5%	7.5%	
Floating Rate Notes (a)	PDL5969AU	Regnan Credit Impact Trust	0.50%		1.5%	1.5%	
Australian Subdebt	SUBD.AX	VanEck Australian Sbdntd Dbt ETF	0.29%		6.5%	6.5%	
International Fixed Income					28.0%	28.0%	
Global Diversified (a)	ETL0018AU	PIMCO Global Bond W	0.49%		4.0%	4.0%	
Government Bonds	VIF.AX	Vanguard Intl Fxd Intr (Hdg) ETF	0.20%		14.0%	14.0%	
U.S. TIPS	UTIP.AX	Betashares Inflation-Protected US Treasury Bond Cur	0.22%		4.0%	4.0%	
Global IG Credit (a)	GIM0161AU	Capital Group Global Corp Bond Hedged	0.50%		3.0%	3.0%	
Senior Loans	CNA0805AU	Invesco WS Senior Secured Income	0.75%		3.0%	3.0%	
Cash					13.5%	13.5%	
Cash AUD	AAA.AX	BetaShares Aus High Interest Cash ETF	0.18%		13.5%	13.5%	
TOTAL					100.0%	100.0%	



Source: MSWM Research, Morningstar. As at 11 November 2024. May not sum due to rounding. Previous and New Weights represent transaction dates.

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