



MAPS Core Growth Portfolio

Portfolio Update

Redrawing the Trump Card

The Trade Update provides an update on our investment strategy for the MAPS Core Growth 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.

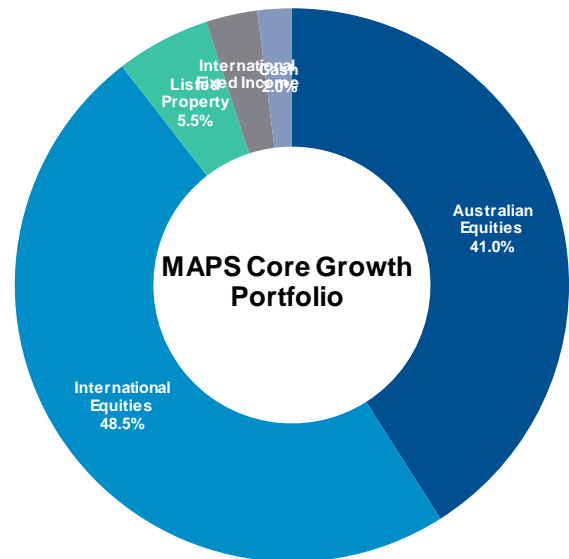
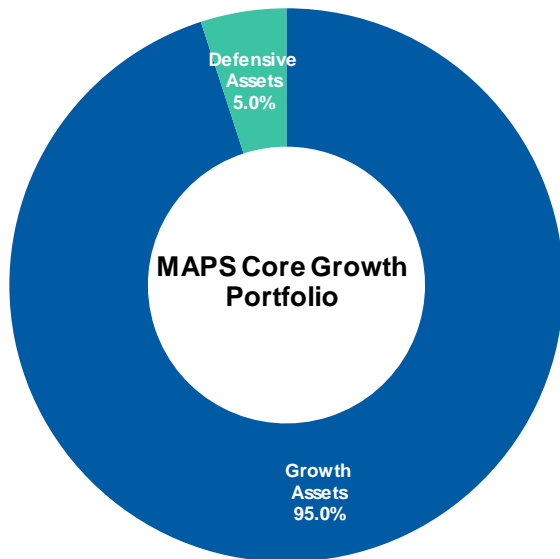
As a result we add to US shares, funded by a reduction in Australian Fixed Income.

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

- Added 1.0% 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
- Sold a 1.5% position in the Vanguard Australian Government Bond ETF (VGB.AX).
- Added 0.5% in the Vanguard Intl Fxd Intr (Hdg) ETF (VIF.AX). The Vanguard International Fixed Interest (Hedged) ETF tracks the return of the Bloomberg Barclays Global Treasury Scaled Index hedged into Australian dollars. The underlying index includes fixed-rate and local currency government debt from investment grade countries, including both Developed and Emerging markets. This ETF invests in fixed income securities that generally range in credit quality from BBB- to AAA.

MAPS Core Growth Portfolio

Asset Class	Code	Instrument Name	Management Fee	Performance Fee	Previous Weights	New Weights	Weight Changes
Growth Assets					94.0%	95.0%	+1.0%
Australian Equities					41.0%	41.0%	
Large Core	A200.AX	BetaShares Australia 200 ETF	0.04%		13.0%	13.0%	
Large Core (a)	RFA0059AU	Pendal Focus Australian Share	0.75%	15.0%	10.0%	10.0%	
Large Core Systematic	MAQ0443AU	Macquarie Australian Shares	0.60%		11.0%	11.0%	
High Dividend	VHY.AX	Vanguard Australian Shares High Yld ETF	0.25%		3.5%	3.5%	
Ex-20	EX20.AX	BetaShares Aus Ex-20 Port Divrs ETF	0.25%		3.5%	3.5%	
International Equities					47.5%	48.5%	+1.0%
Global Core	VGS.AX	Vanguard MSCI Intl ETF	0.18%		4.5%	4.5%	
Global Core (h)	VGAD.AX	Vanguard MSCI Intl (Hdg) ETF	0.21%		7.5%	7.5%	
Global Core (a)	PER6443AU	JPMorgan Global Select Equity I	0.08%		4.5%	4.5%	
Global Core Sustainable	ETL0561AU	Robeco Glb Dev Sust Enhncd Idx Eq (AUD)B	0.30%		4.0%	4.0%	
Global Quality	QUAL.AX	Vaneck Msci International Quality Etf	0.40%		1.5%	1.5%	
Global Quality (a)	GMO1447AU	GMO Quality Trust	0.61%		6.5%	6.5%	
Global Banks	BNKS.AX	BetaShares Glb Banks ETF-Ccy Hdg	0.57%		2.0%	2.0%	
US Equities	VTS.AX	Vanguard US Total Market Shares ETF	0.03%		2.0%	3.0%	+1.0%
US Buy Write	JEPL.AX	JPMorgan Equity Premium Income ActiveETF	0.40%		1.5%	1.5%	
US Quality	MOAT.AX	VanEck Morningstar Wide Moat ETF	0.49%		2.5%	2.5%	
US Technology (h)	HNDQ.AX	BetaShares NASDAQ 100 ETF Ccy H	0.51%		1.0%	1.0%	
European Equities	ESTX.AX	Global X EURO STOXX 50® ETF	0.35%		3.0%	3.0%	
Japanese Equities	JP.AX	iShares MSCI Japan ETF (AU)	0.50%		2.5%	2.5%	
Emerging Markets	IEM.AX	iShares MSCI Emerging Markets ETF (AU)	0.69%		3.0%	3.0%	
Indian Equities	NDIA.AX	Global X India Nifty 50 ETF	0.69%		1.5%	1.5%	
Listed Property					5.5%	5.5%	
Australian REITs	VAP.AX	Vanguard Australian Property Secs ETF	0.23%		2.5%	2.5%	
Global Infrastructure	VBLD.AX	Vanguard Global Infrastructure ETF	0.47%		3.0%	3.0%	
Defensive Assets					6.0%	5.0%	-1.0%
Australian Fixed Income					1.5%	0.0%	-1.5%
Australian Government Bonds	VGB.AX	Vanguard Australian Government Bond ETF	0.20%		1.5%	0.0%	-1.5%
International Fixed Income					2.5%	3.0%	+0.5%
Government Bonds	VIF.AX	Vanguard Intl Fxd Intr (Hdg) ETF	0.20%		2.5%	3.0%	+0.5%
Cash					2.0%	2.0%	
Cash AUD	AAA.AX	BetaShares Aus High Interest Cash ETF	0.18%		2.0%	2.0%	
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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