

# Australian Shares Income

## Model Portfolio

### Corporate Action

# 14042021

All data and information as Portfolio Date: 13/04/2021

**Morningstar Investment Management Australia**  
For Financial Adviser Use Only

#### Transaction Summary

Ticker	Previous Weight %	New Weight %
CPU	3.93%	4.33%
CASH	4.50%	4.10%

\* based on closing prices on 13 April 2021 and assuming full allotment

#### Portfolio Objective

The objective of the Australian Shares Income Portfolio is to provide attractive net and gross dividend yields while outperforming the S&P/ASX 200 Accumulation Index over a complete cycle. The portfolio is actively managed and concentrated, mostly consisting of companies with sustainable distributions, franking credits, and trading at discounts to intrinsic value according to our large research team. All else equal, we also strive to own companies with economic moats, as high-quality companies tend to provide attractive returns with reduced volatility. Total return will generally be driven more by income than capital appreciation, although both are desirable.

#### Transaction Analysis

We are exercising our rights allocation in the 1 for 8.8 renounceable entitlement offer of new ordinary shares in Computershare. Portfolio cash declines slightly. We are increasing our exposure to a high-quality company at a price that is below the market price and our estimate of intrinsic value. We initiated a position in Computershare in April 2019, and that transaction rationale is reproduced in full below for additional background regarding our view of the company.

For more information about Computershare, please read the complete Morningstar Equity Research report.

#### Transaction Report Commentary from Position Initiation in April 2019

The company has seen recent weakness as concerns around global growth impact sentiment toward the more economically sensitive parts of their business. However, we believe much of these fears are captured in the current share price, which offers a reasonable entry point into this Narrow moat rated business (and more than offsets its low yield). Indeed, Computershare remains a high-quality business with its scale, and the fact that it is very difficult for customers to switch to competitors, underpinning its competitive advantage. We believe that the company will continue to generate strong cash flows and is well positioned to deliver earnings growth, through cost cutting and expansion into the mortgage servicing business.

## Morningstar's Investment Principles



**We put investors first.** We believe firms that put investors first win in the long term because their investors win.

Since 1984, Morningstar, Inc. has been helping investors reach their financial goals. Our fiduciary duty to our principals is paramount.



**We're independent-minded.** To deliver results, we think it's necessary to invest with conviction, even when it means standing apart from the crowd.

Our research shows that making decisions based on fundamental analysis, rather than short-term factors and sentiment, delivers better long-term investment results.



**We invest for the long term.** A patient, long-term view helps us stay the course during the market's ups and downs and take advantage of opportunities when they arise.

Investing with a multi decade horizon aligns with investors' focus on increasing their purchasing power over their lifetimes.

The long term is the only period where fundamental, valuation-driven investing works.



**We're valuation-driven investors.** We anchor on an investment's underlying intrinsic value, rather than fleeting news, sentiment or momentum. Much of the market's daily volatility is meaningless noise.

Valuation-driven investing through a long-term focus on the difference between price and intrinsic value enables investors to get more than they're paying for.



**We take a fundamental approach.** Powerful research is behind each decision we hold, and we invest significant time and resources to truly understand what we own and why we own it.

Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.



**We strive to minimise costs.** Controlling costs helps investors build wealth by letting them keep more of what they earn.

Investment returns are uncertain, but costs are not.



**We build portfolios holistically.** To help manage risk and deliver better returns, truly diversified portfolios combine investments with different underlying drivers, improving stability and total returns over time.

Portfolios should be more than the sum of their parts.

True diversification can have a powerful impact on a portfolio's risk-adjusted returns – but simply holding more investments isn't the same as true diversification.