

# Australian Shares Income Model Portfolio

## Transaction Alert

# 112021

All data and information as Portfolio Date: 26/11/2021

**Morningstar Investment Management Australia**  
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### Trade Summary

Action	Ticker	Previous Weight %	New Weight %
Added	GOZ-AU	0.000	4.000
Added	ING-AU	0.000	2.000
Increased	AZJ-AU	3.494	4.000
Increased	MND-AU	3.567	4.000
Removed	ABC-AU	2.686	0.000
Removed	ORA-AU	4.416	0.000

### 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.

### Trade Analysis

We have made a range of trades on the portfolio. The rationale for each trade is provided below. Substantially more analysis on every portfolio holding is available through Morningstar Equity Research.

## Detailed Trade List

Action	Security Code	Security Name	Previous Weighting (%)	New Weighting (%)
<b>Australian Equities</b>			<b>96.268%</b>	<b>96.104%</b>
+ Added	GOZ-AU	Growthpoint Properties Australia	0.000%	4.000%
Rationale	Growthpoint is a real estate investment trust that specialises in the ownership and management of a range of office and industrial properties across Australia. Despite the company trading around our fair value assumptions, the yield remains compelling for this income-focused portfolio.			
+ Added	ING-AU	Inghams Group Limited	0.000%	2.000%
Rationale	Inghams is involved in production and sale of chicken and turkey products and stockfeed. The company is a large vertically integrated player in the Australian and New Zealand market with import restrictions helping to protect the duopoly market structure. Supported by encouraging consumer trends (favouring protein consumption and easy to prepare meals), the company is reasonably priced, while the strong fully franked yield appeals for this income-focused portfolio.			
↑ Increased	AZJ-AU	Aurizon Holdings Limited	3.494%	4.000%
Rationale	Aurizon is Australia's largest freight rail operator, primarily transporting bulk commodities, such as coal, iron ore and agricultural products. It also owns and operates the largest coal rail track network in Australia, linking a number of mines with ports in Queensland. Despite an improving economic outlook, the company's share price continues to languish. However, Aurizon is a quality business, in our view. Improving efficiency, being essential transport infrastructure and having reasonable level of debt should ensure steady earnings, except in the most difficult circumstances. In this regard, the current share price (and yield) appeal.			
↑ Increased	MND-AU	Monadelphous Group Limited	3.567%	4.000%
Rationale	Monadelphous is an Australian engineering group providing construction, maintenance and industrial services to the resources, energy and infrastructure sectors. A weaker iron ore price has affected sentiment toward the company, of late. However, valuations are reasonable, and we take this opportunity to top up our holding, with new expansion projects in the mining and energy fields expected to sustain earnings and dividend growth.			
X Removed	ABC-AU	ADBRI Limited	2.686%	0.000%
X Removed	ORA-AU	Orora Limited	4.416%	0.000%
Rationale	These holdings have been removed as Morningstar Equity Research has ceased research coverage on these companies.			
<b>Cash</b>			<b>3.732%</b>	<b>3.896%</b>

## Proposed Portfolio

Security	Security Code	GICS Industry Group	New Weighting <sup>1</sup>
<b>Australian Equities</b>			<b>96.104%</b>
Link Administration Holdings Limited	LNK-AU	Software & Services	4.653%
Computershare Limited	CPU-AU	Software & Services	4.408%
IRESS Limited	IRE-AU	Software & Services	4.407%
Medibank Private Limited	MPL-AU	Financials	4.376%
Aurizon Holdings Limited	AZJ-AU	Transportation	4.000%
Growthpoint Properties Australia	GOZ-AU	Real Estate	4.000%
Monadelphous Group Limited	MND-AU	Capital Goods	4.000%
Rio Tinto Limited	RIO-AU	Materials	3.961%
Brambles Limited	BXB-AU	Industrials	3.955%
Australia & New Zealand Banking Group Limited	ANZ-AU	Financials	3.906%
National Australia Bank Limited	NAB-AU	Financials	3.807%
Ansell Limited	ANN-AU	Health Care Equipment & Services	3.795%
Bapcor Limited	BAP-AU	Retailing	3.767%
Janus Henderson Group PLC	JHG-AU	Diversified Financials	3.584%
Invocare Limited	IVC-AU	Consumer Services	3.486%
TPG Telecom Limited	TPG-AU	Communication Services	3.458%
Perpetual Limited	PPT-AU	Diversified Financials	3.452%
Westpac Banking Corporation Limited	WBC-AU	Financials	3.262%
Fortescue Metals Group Ltd	FMG-AU	Materials	3.238%
Pendal Group Limited	PDL-AU	Diversified Financials	3.181%
Scentre Group	SCG-AU	Real Estate	2.763%
BHP Group Limited	BHP-AU	Materials	2.652%
Amcor PLC	AMC-AU	Materials	2.313%
South32 Limited	S32-AU	Materials	2.294%
Dexus	DXS-AU	Real Estate	2.164%
Platinum Asset Management Limited	PTM-AU	Diversified Financials	2.029%
Inghams Group Limited	ING-AU	Food, Beverage & Tobacco	2.000%
Commonwealth Bank of Australia Limited	CBA-AU	Financials	1.837%
CIMIC Group Limited	CIM-AU	Capital Goods	1.358%
<b>Cash</b>			<b>3.896%</b>
Platform Cash	CASH_AUD		3.896%
<b>Total</b>			<b>100.000%</b>

<sup>1</sup> May not sum to 100.0% due to rounding

## 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.