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tailored your way





MPW Half Year Market Update - February 2022



General Advice Disclaimer

The purpose of this presentation is to provide you general advice and insight into MPW's current market outlook and investment philosophy.

Where our presentation provides general advice, we must explain that this advice has been prepared at this time without taking into account your individual personal needs, objectives, or financial situation, and the personal information we hold about you has not specifically been considered in forming our views.

You should not act on any advice that has not been tailored to you or considered in light of your full individual personal circumstances, as there is a risk that such actions may not be appropriate for you or be in your best interests.

Where we provide personal advice and investment recommendations, these will be presented in a Statement of Advice (SoA) which will explain the basis of your personal advice recommendations, and any considerations or risks so that you can make an informed decision.

No representation is given, warranty made or responsibility taken about the accuracy, timeliness or completeness of information sourced from third parties.



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General Advice Disclaimer – Blended Model Portfolio and Transcend High Conviction SMA

The performance information and commentary in this presentation is based on an illustrative Balanced Model Portfolio when referencing the ‘blended’ portfolio or the Transcend High Conviction SMA portfolio.

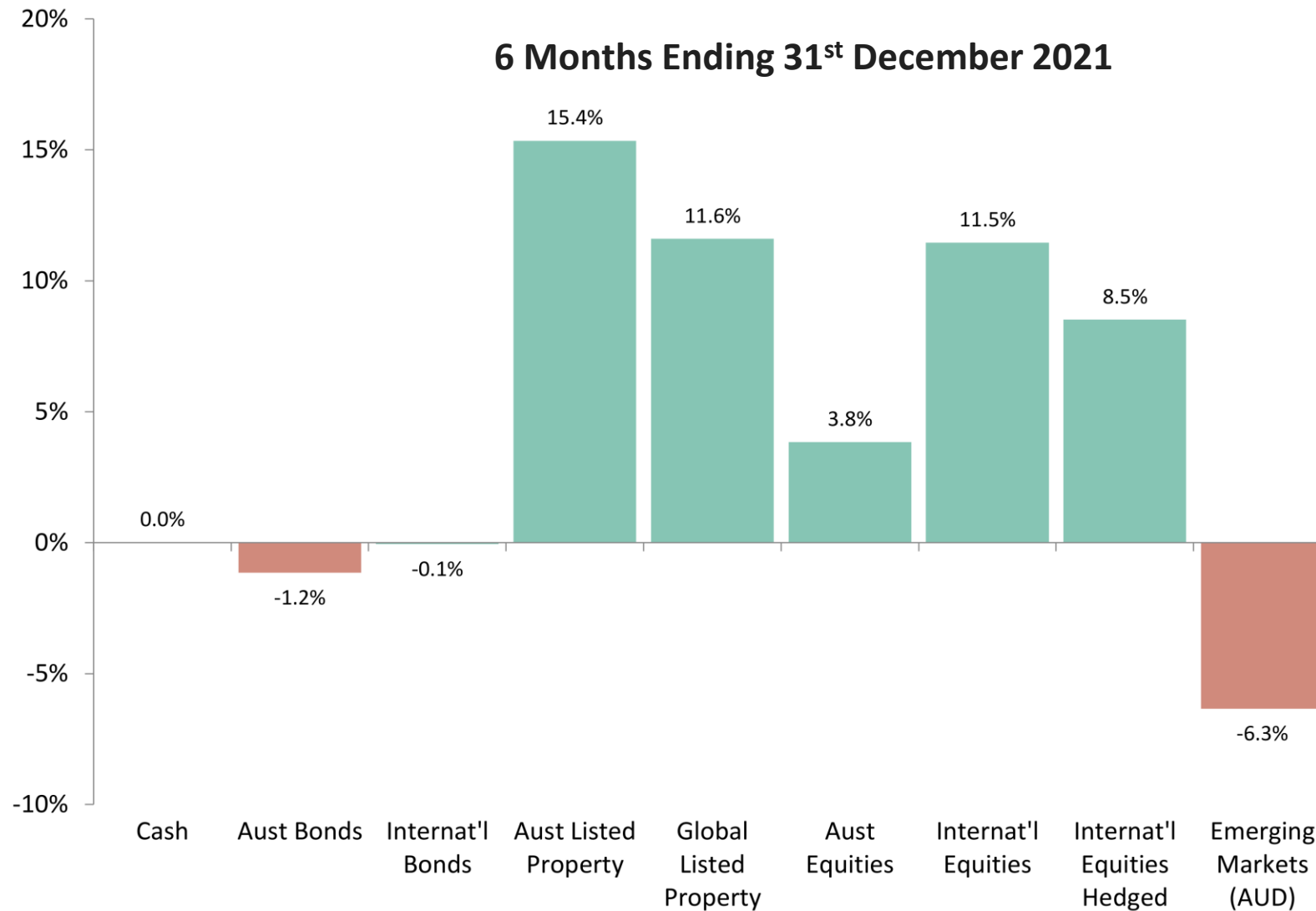
The information does not take into account differences between the blended Model Portfolio, the SMA and the actual portfolio implemented by the operator of your managed account or any fees, expenses or other costs.

The performance of your managed account will differ to that of the blended Model Portfolio and SMA (and may differ significantly) due to factors including your risk profile, how long the portfolio was held, the implementation timing of trades, your individual circumstances as well as the fees, expenses and other costs charged by the operator of your managed account.

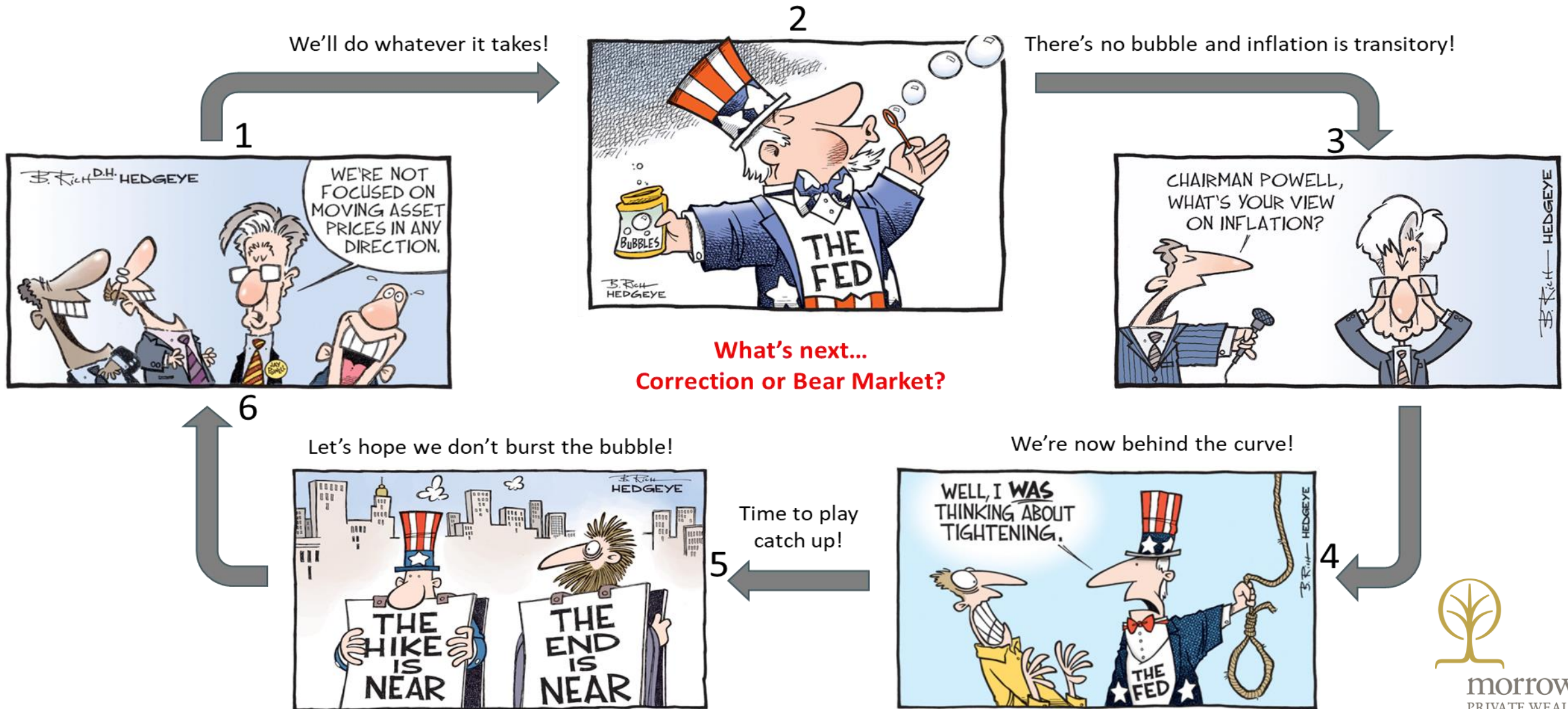
All references to selling, investing, participating, positioning or similar are references to the illustrative blended Model Portfolio and SMA only and may not reflect the holdings in your actual portfolio over the full period.

Please contact the adviser of your managed account for further information.

Asset Class Returns 6 Months to 31st Dec 2021



2022: Have We Now Come Full Circle?





Market Tailwinds For 2022



Tailwinds that can continue to propel markets higher throughout 2022 include:

1. **Covid-19 Endemic** – More lockdowns are unlikely as we learn to live with the virus
2. **Economic Cycle** – In the “Late Upswing/Economy Slows phase” but no recession in sight
2. **Low Interest Rates** – Real interest rates are low despite Central bank tightening ahead
3. **Risk-On Mentality** – Liquidity is abundant, credit spreads are low and the yield curve is positive
4. **Corporate Profits** – Earnings remain strong and should support higher equity prices
5. **Record Cash & Dry Powder** – TINA and FOMO means investors are ready to ‘buy the dips’

TINA – “There Is No Alternative” so I have to keep buying expensive assets

FOMO – “Fear of Missing Out” will keep me invested in markets regardless



Market Headwinds For 2022



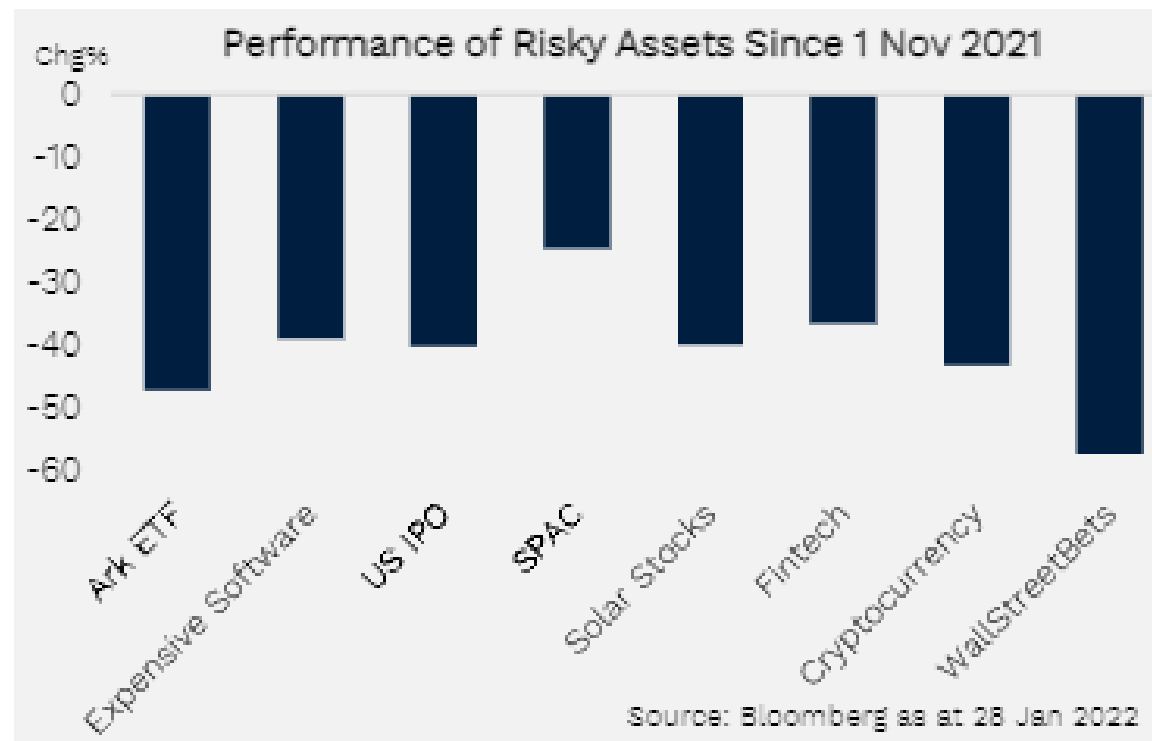
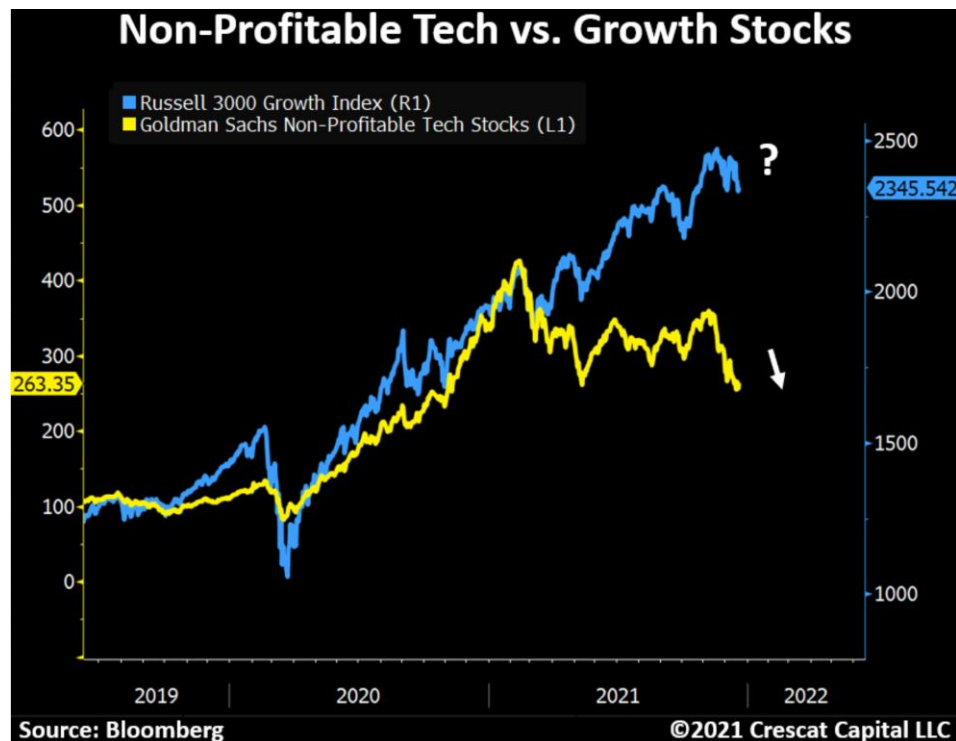
Headwinds that can put a stop to the bull market in 2022 include:

1. **Covid-19 Mutations** – We are now living with the virus, but uncertainty and risks remain
2. **Geopolitical Risks** – An oil price shock or supply chain ‘shock’ could see a recession unfold
3. **Economic Outlook** – Economic data looks to be peaking in this cycle
4. **Inflation & Rising Bond Yields** – High inflation could see the central banks playing catch-up
5. **Consequences of Cheap Money** – Investor euphoria, speculation, and leverage are high
6. **Extreme Market Valuations** – Most assets are expensive and arguably in ‘bubble’ territory

MPW Outlook For 2022

The remainder of 2022 will be volatile as markets navigate a central bank tightening cycle via higher interest rates and reduction of their balance sheets. Investors need to be very selective in the assets they own, with a focus on active management, quality earnings growth, credit seniority, inflation hedges, and having downside protection in place.

Speculative assets are now much higher risk!



Vanguard Long-Term Return Expectations

The table below shows the Vanguard Capital Markets Model return and volatility forecasts over the next 10 years across four Global Diversified Portfolios.

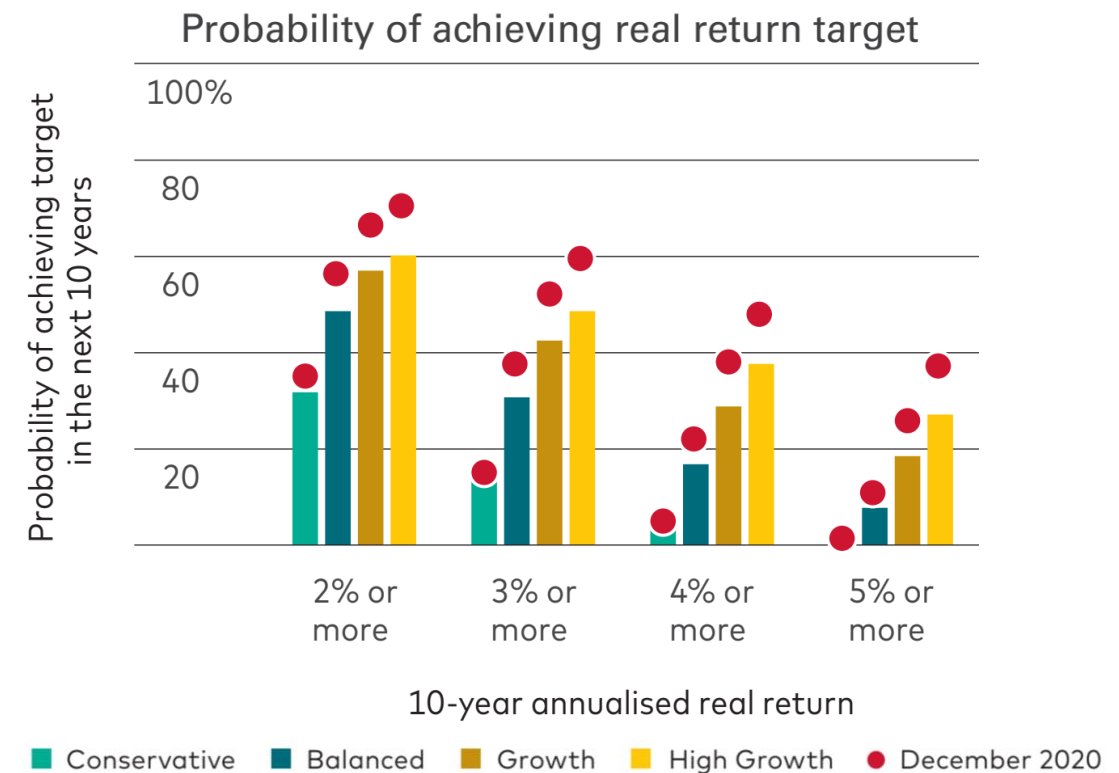
Conclusion: Generating returns using just listed stocks and bonds will be much more challenging in the future and investors will need to take more risk for less return.

Return Percentile						Volatility
	5th	25th	Median	75th	95th	Median
Conservative	1.0%	2.2%	3.0%	3.9%	5.3%	5.4%
Balanced	0.5%	2.4%	3.7%	5.0%	7.0%	8.7%
Growth	-20.0%	2.4%	4.2%	6.1%	8.9%	12.2%
High Growth	-1.1%	2.3%	4.7%	7.0%	10.6%	15.8%

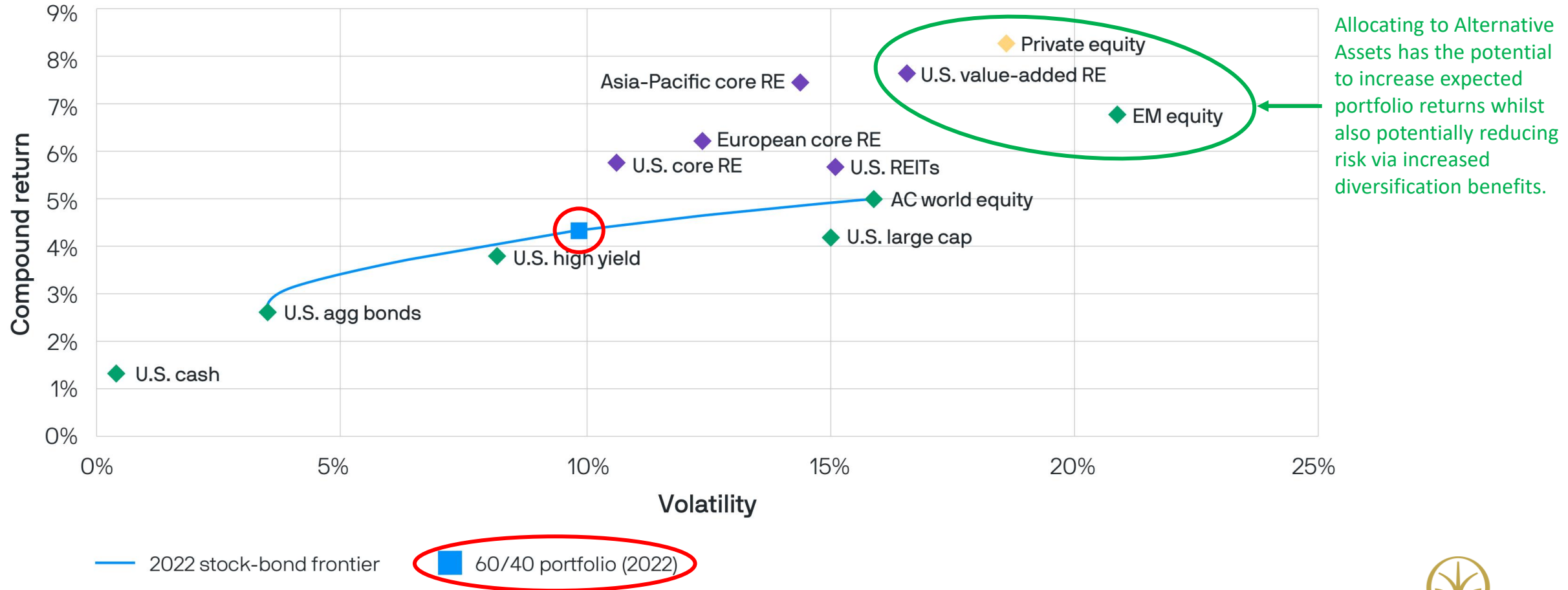
Source: Vanguard, December 2021 using 30 September 2021 and 31 December 2020 VCMM Simulations.

The chart below shows the probability of achieving a real return target over the next 10 years for a range of Global Diversified Portfolios.

Conclusion: The probability of a CPI+ 3% return is less than 50% regardless of how much risk you want to take.



JP Morgan Long-Term Return Expectations

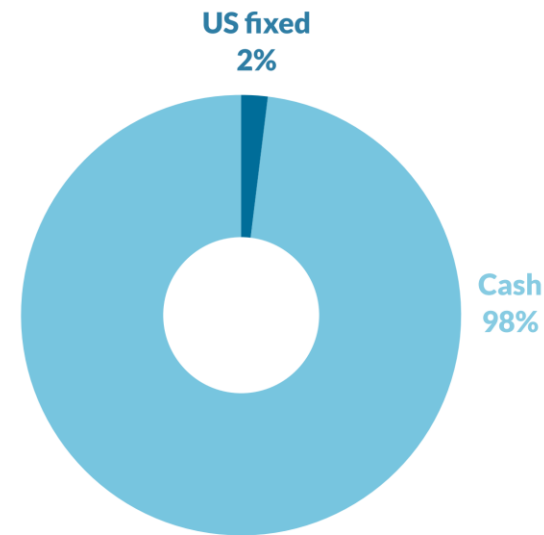


Source: J.P. Morgan Asset Management; data as of September 2021. All returns (in USD) based on projections for 10–15 years. Volatility measures include de-smoothing for private assets to ensure comparability with listed assets.

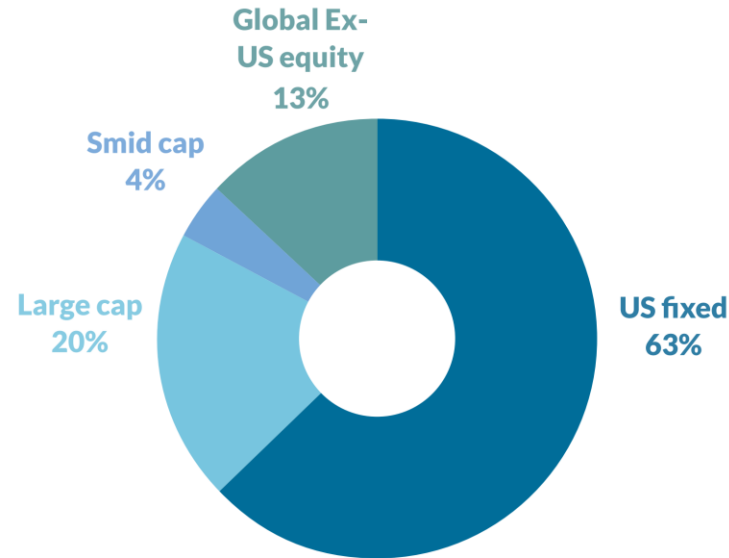
Taking More Risk For The Same Return

7% expected returns over 30+ years

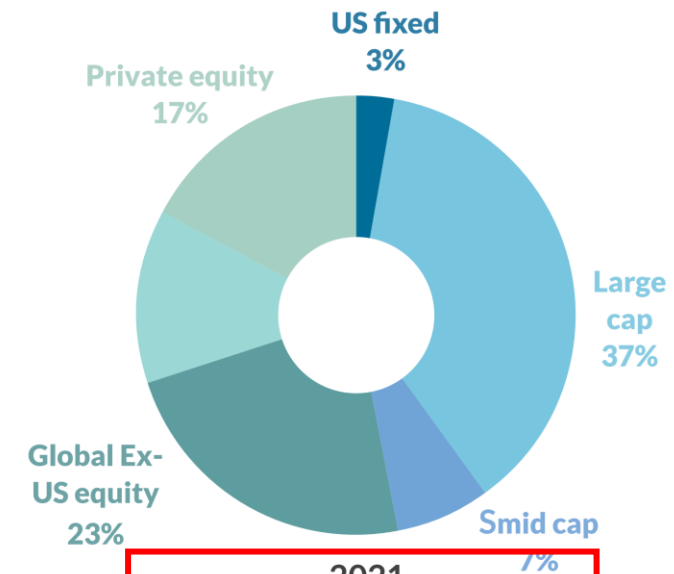
Increasing complexity



1991
RETURN: 7.0% RISK: 1.1%



2006
RETURN: 7.0% RISK: 6.7%



2021
RETURN: 7.0% RISK: 17.3%

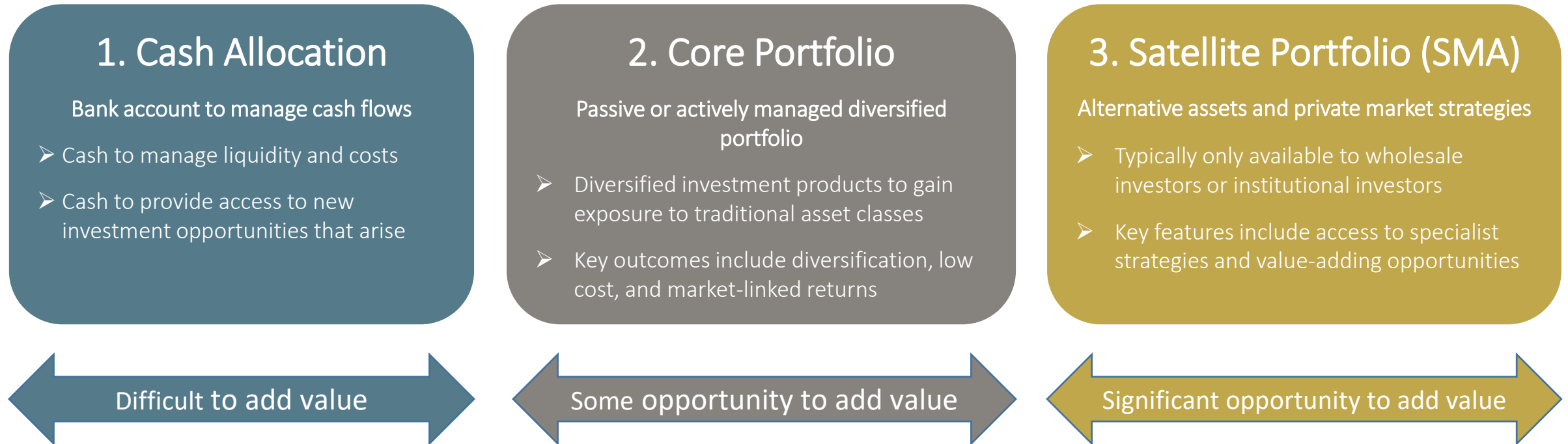
Increasing risk

In 1991, our expectations for cash and broad US fixed income were 6.95% and 8.95%, respectively. Return-seeking assets were not required to earn a 7% projected return.

15 years later, an investor would have needed over a third of the portfolio in public equities to achieve a 7% projected return, with 6x the portfolio volatility of 1991.

Today, an investor is required to include 97% in return-seeking assets to earn a 7% projected return at almost 16x the volatility compared to 1991.

MPW Recommended Portfolio Strategy



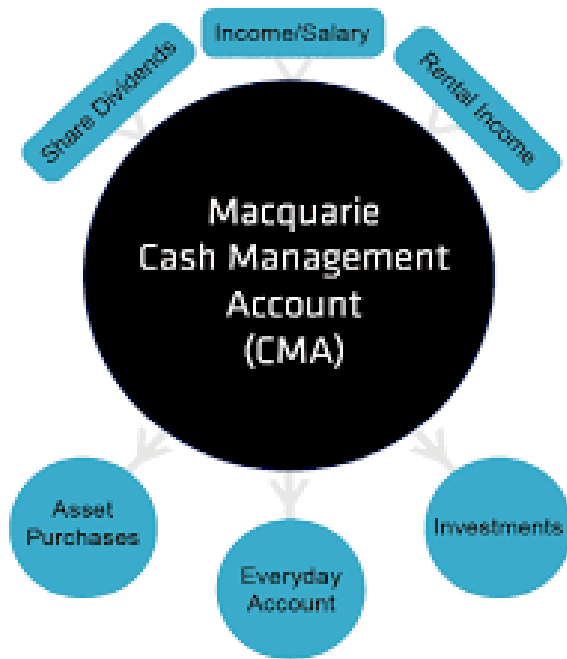
Investors should not 'pay-up' for strategies that cannot add value. These can be accessed for low-cost.

MPW's SMA investment solution complements the first two strategies and is focused on adding value.

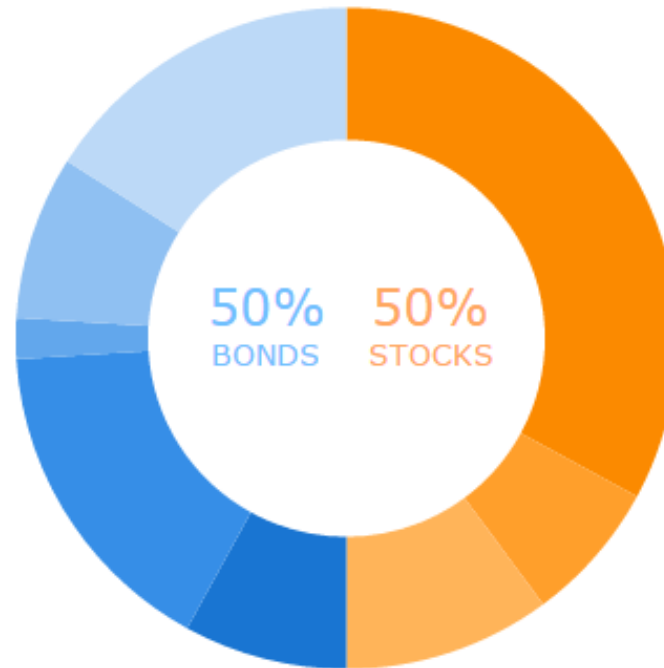
Blending The Core Portfolio and SMA

Blending the cash and core portfolio strategy with the SMA strategy aims to improve both absolute returns and risk-adjusted returns by adding assets that traditional core portfolios do not have exposure to.

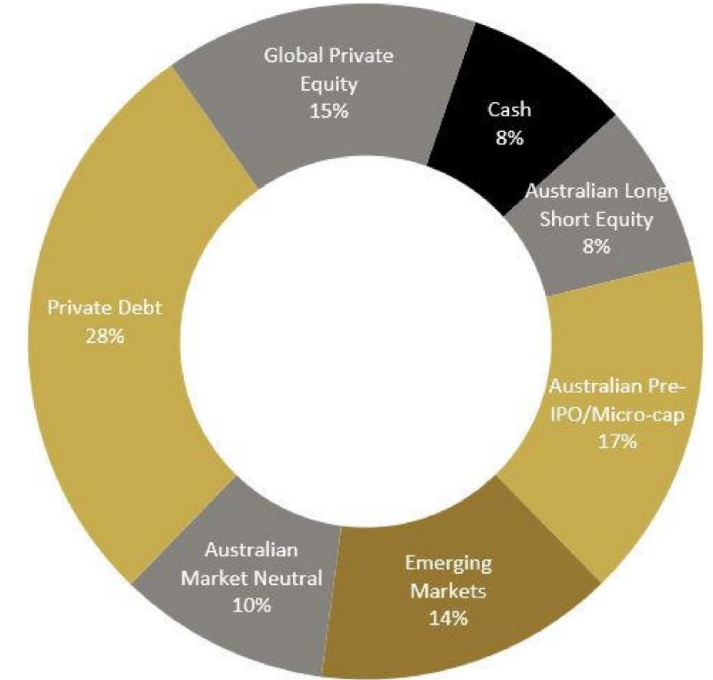
Cash Account



Core Balanced Fund



Transcend High Conviction SMA

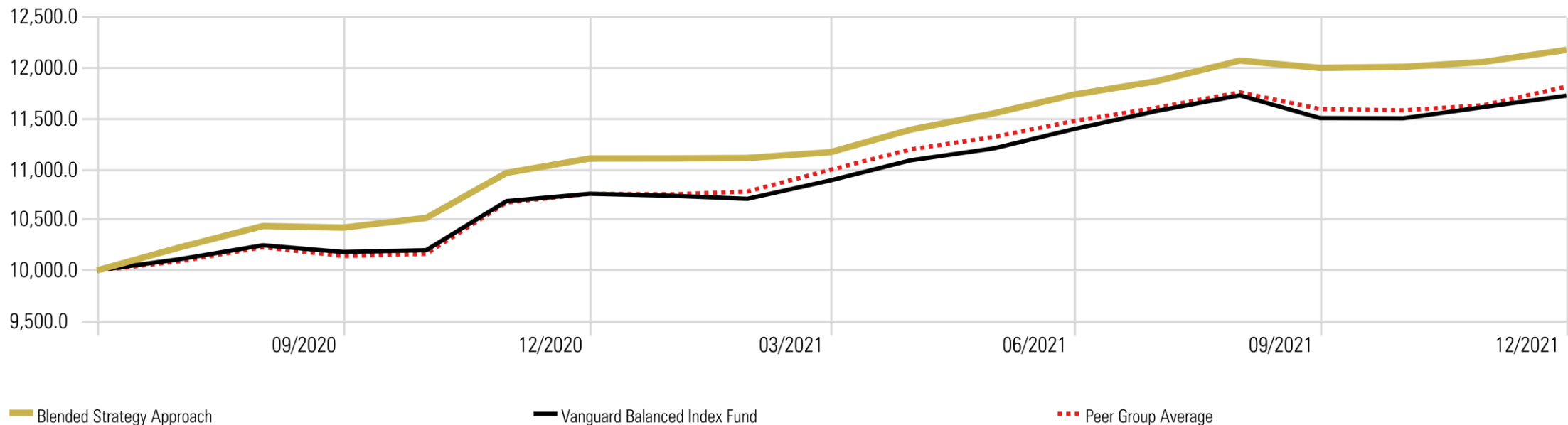


The 'Blended' Portfolio Outcome: Returns

This chart shows the return benefit of the blended portfolio strategy, with the gold line showing the inception outperformance compared to the core-only portfolio and the peer balanced fund universe.

Investment Growth

Time Period: Since Common Inception (1/07/2020) to 31/12/2021



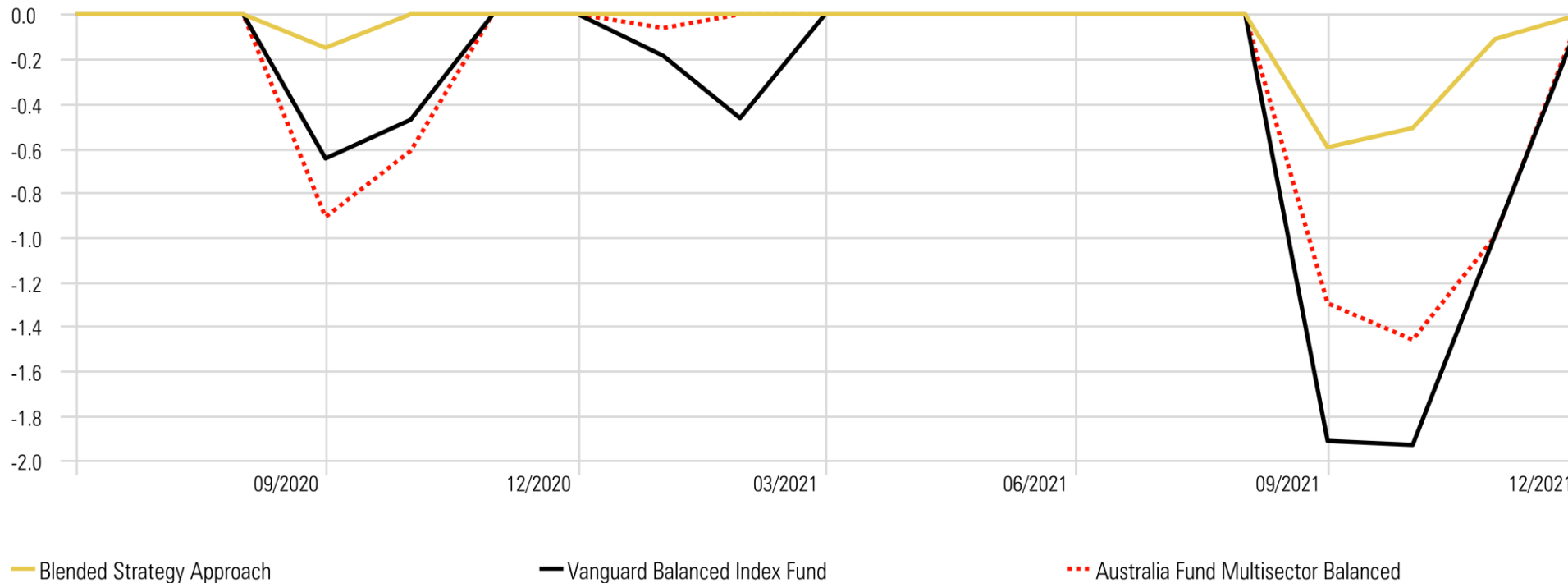
This report is designed to illustrate the risk and return outcomes of a blended investment portfolio that holds a 50% weighting of the Vanguard Balanced Index Fund, 45% to the Transcend High Conviction SMA and 5% held in cash.

The 'Blended' Portfolio Outcome: Risk

The gold line shows the lower drawdowns in falling markets since inception.

Drawdown

Time Period: Since Common Inception (1/07/2020) to 31/12/2021



This report is designed to illustrate the risk and return outcomes of a blended investment portfolio that holds a 50% weighting of the Vanguard Balanced Index Fund, 45% to the Transcend High Conviction SMA and 5% held in cash.

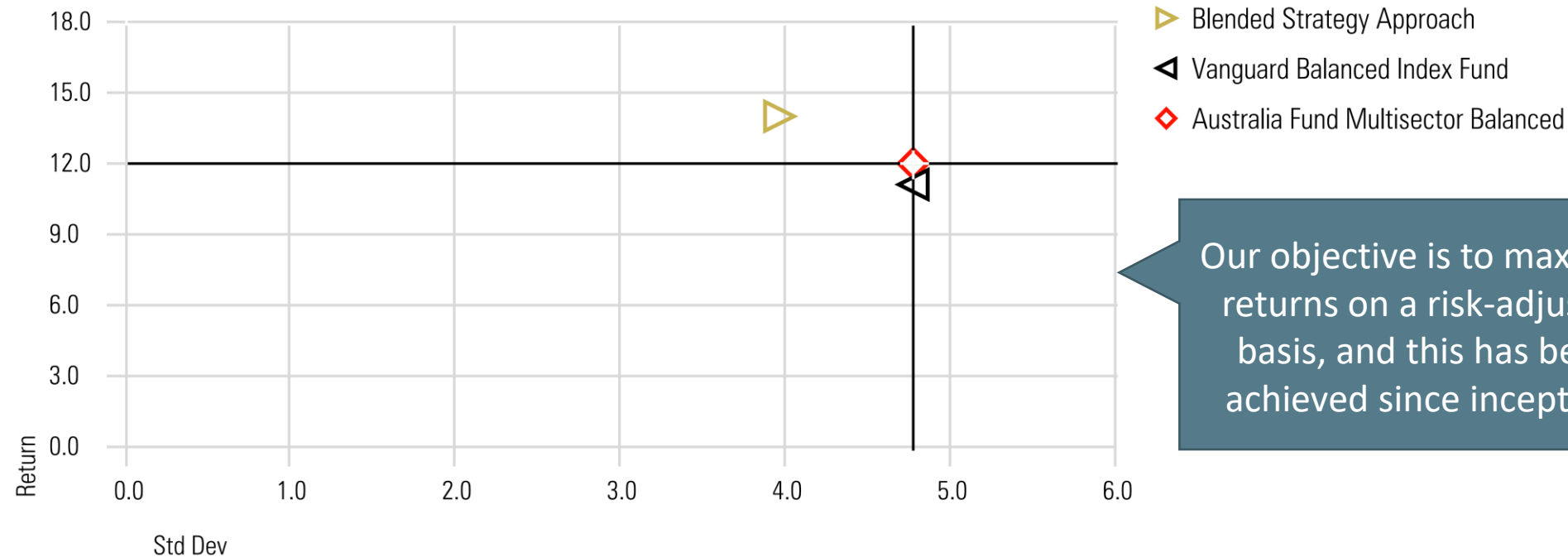
The 'Blended' Portfolio: Risk & Return

The gold triangle shows the lower volatility (Std Dev) and higher returns since inception.

Risk-Reward

Time Period: Since Common Inception (1/07/2020) to 31/12/2021

Calculation Benchmark: CPI + 6%



Our objective is to maximise returns on a risk-adjusted basis, and this has been achieved since inception.

Source: Morningstar Direct

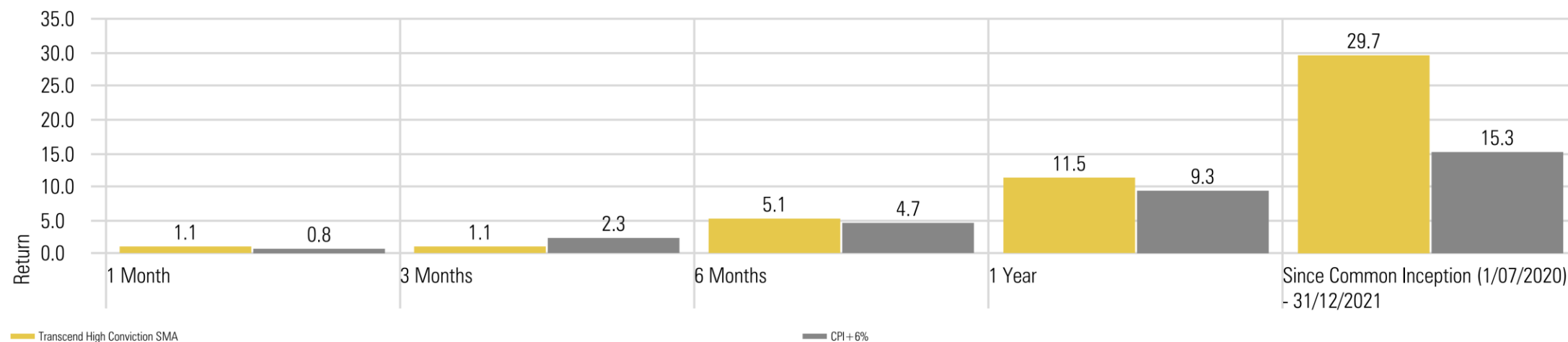
Transcend High Conviction SMA



Since inception on 1st July 2020, the Transcend High Conviction SMA returned 22.9%

Returns

As of Date: 31/12/2021



Monthly Returns

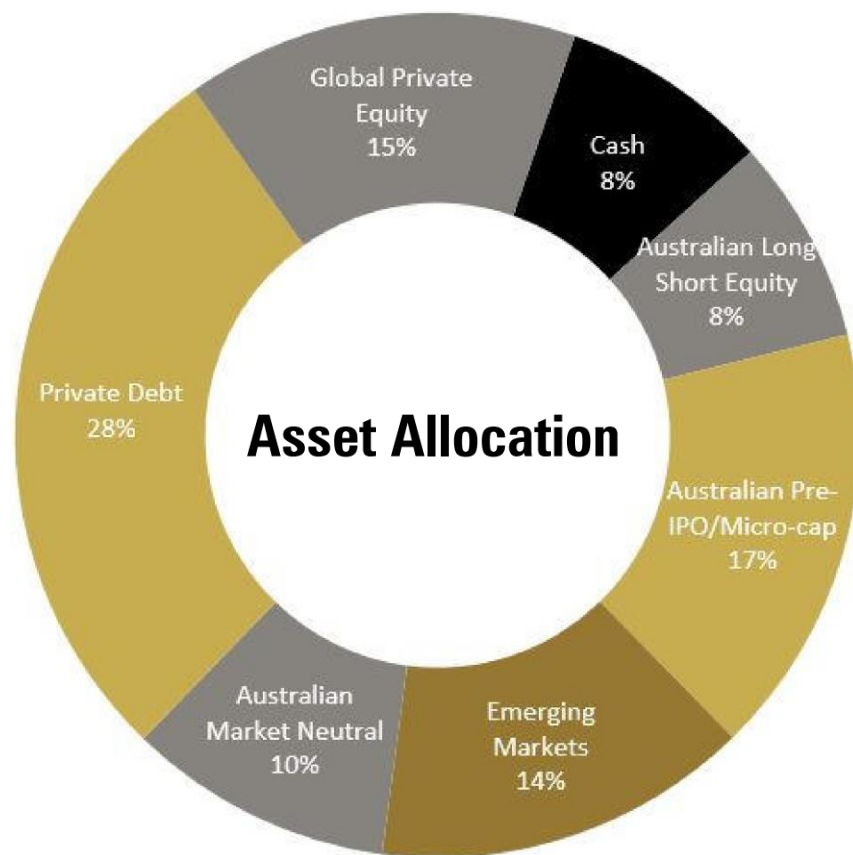
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	0.23	0.40	-0.75	2.41	1.96	1.67	0.78	2.33	0.80	0.21	-0.17	1.11	11.48
2020	—	—	—	—	—	—	3.83	3.07	0.38	1.85	4.12	2.11	—



Transcend High Conviction SMA

Investment Objective

To provide returns of CPI + 6% pa over a rolling 7-year period.



The Fund encapsulates the MPW investment philosophy and targets our highest conviction investment strategies and themes, including:

- *Global Private Equity*
- *Australian Private Debt*
- *Global Emerging Market Equity*
- *Australian Equity Market Neutral*
- *Australian Pre-IPO & Listed Microcaps*
- *Australian Long Short Equity Value*

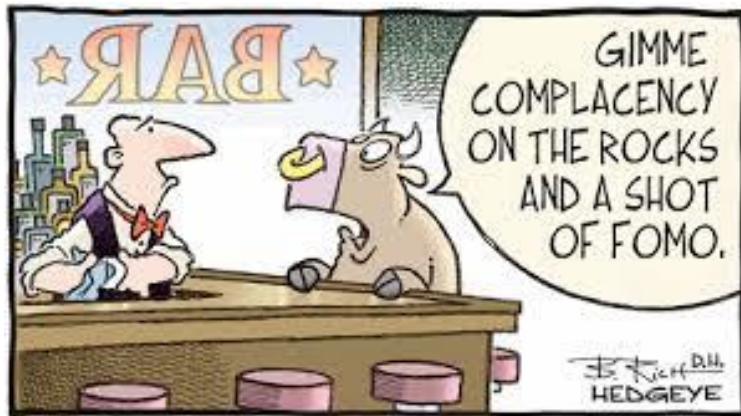
Top Holdings

Bombora Special Investments Growth	16.54
Partners Group Global Value Fund - MPW	14.96
GQG Partners Emerging Markets Equity	14.43
PURE Income and Growth Fund	11.25
Bennelong Market Neutral Fund	10.17
PURE Resources Fund	9.95
RBA Bank accepted Bills 90 Days	8.05
L1 Capital Long Short - Retail	7.84
Aura SME High Yield Fund	6.80

MPW Concluding Summary

2022 will be volatile as markets navigate a global central bank tightening cycle.

This is a regime change that requires careful consideration of both risk and return.



Investors seem a little complacent with FOMO keeping them invested.

- **MPW is focused on strategies that reward investors for taking risk.**



Central banks had our backs for the last 2 years, but things can change.

- **MPW has downside protection strategies built into portfolios.**



High PE stocks and speculative assets have fallen sharply in recent months.

- **We are at a critical market juncture that requires a cautious approach.**



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