As of 31/01/2023

The Morgan Stanley Wealth Management MAPS (Multi-Asset Portfolio Solutions) Core Conservative Portfolio is an actively-managed diversified portfolio that invests in a broad range of managed funds and exchange traded funds.

Who is this portfolio suitable for?

Morgan Stanley Wealth Management Australia has designed this portfolio to be suitable for investors who have a conservative risk profile and are looking for a portfolio with a mix of growth and defensive assets. It is suitable for investors who can tolerate several quarters of lower returns relative to a higher risk tolerance portfolio through different phases in a market cycle (see Risks section on page 5). The portfolio has a core strategic asset allocation range of 8%-32% in growth assets and 68%-92% in defensive assets.

Performance

Note: The MAPS Core Conservative Portfolio is based on the Core Conservative model published by the Morgan Stanley Wealth Management Research team. Past performance is not indicative of future results.

IMAP MANAGED ACCOUNT AWARD WINNER LICENSEE MANAGED ACCOUNT

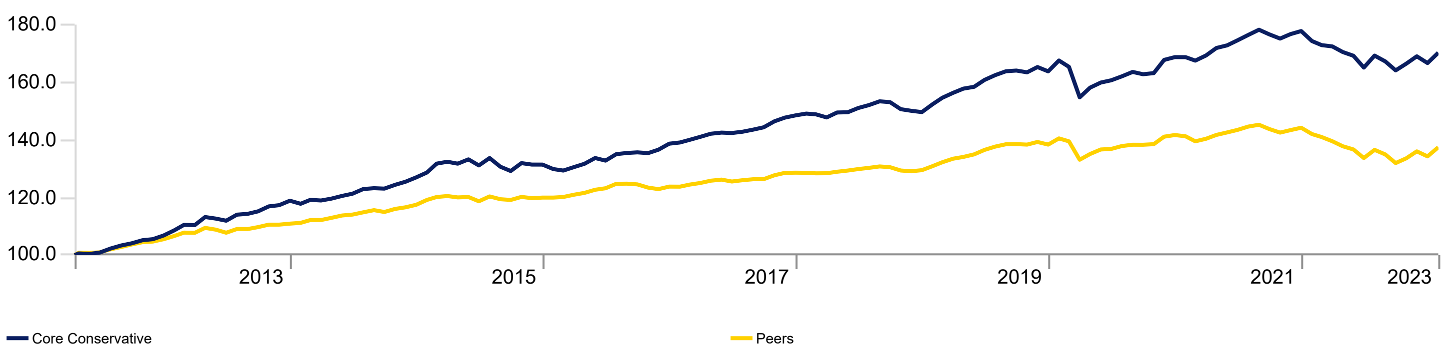
Superior SQM RESEARCH

Morgan Stanley Wealth Management Australia was the winner in the Licensee category for the 2022 IMAP Managed Account Awards for the third consecutive year. Morgan Stanley Wealth Management Australia's MAPS was awarded a Superior rating (4.25/5 star rating) in 2022, where SQM Research considers the strategy to have substantial potential to outperform over the medium-to-long-term.

Performance of Hypothetical Model - Trailing Returns*

	1 Month	3 Month	1 Year	3 Year^	5 Year^	10 Year^	Inception^
Core Conservative	2.1%	2.3%	-2.3%	0.5%	2.7%	4.6%	5.0%
Peers	2.4%	2.9%	-3.2%	-0.5%	1.6%	2.7%	3.1%

Investment Growth (Indexed at 100 at inception)



*Rounded to one decimal point. ^Annualised. The table and graph above show the performance of the hypothetical model. These performance figures are higher than the performance figures of the actual portfolio, because the hypothetical performance figures do not take into account transaction fees and costs. Differences in performance between the hypothetical portfolio and the actual portfolio will differ because the hypothetical portfolio uses end of day pricing, whereas transactions in the actual portfolio will be executed at different times. "Peers" referenced above refers to the Morningstar Australia Multisector Balanced Category Average. Performance is net of ICRs (indirect cost ratio). Data above is sourced from Morningstar and Morgan Stanley Wealth Management Australia Research. Return data from 1/05/2012 to 31/01/2023

Market Commentary

Market Commentary

The Australian share market had a strong start to 2023 with the S&P/ASX 300 Total Return Index recording a 6.3% gain in January - the best start to a year since 1994. With the exception of Utilities, all sectors contributed to performance. Consumer Discretionary rose the most in the month, though due to index weight. Materials and Financials contributed the most to the advance in the index. Large, Mid and Small caps all performed in line with the broader market and Resources outperformed Industrials.

Global and regional equity markets all provided positive returns over the month with Chinese equities leading major markets (MSCI China Net Total Return Index in AUD +8.1%). European and Emerging Market equities had strong gains for the month (MSCI Europe Net Total Return Index in AUD +4.8%; MSCI Emerging Net Total Return Index in AUD +4.4%), while the US and Japanese share markets also made positive contributions (S&P 500 Total Return Index in AUD +2.8%; TOPIX Net Total Return Index in AUD +1.6%). Performance has been heavily macro linked with signals related to bond yields, the US dollar as well as global inflation all peaking and falling over the past month, and at a much faster pace than many investors would have anticipated at last year's close.

January saw positive returns across fixed income markets as well, led by global high yield bonds (Bloomberg Global High Yield TR Hedged AUD Index +3.6%) and investment grade corporate bonds (Bloomberg Global Corporates TR Index Hedged AUD Index +3.2%). Year-on-year gross issuance fell 27% for high yield and rose 14% for investment grade. US ETFs focused on Emerging Market Credit saw the strongest 1 month inflows (+11% of assets under management) across asset classes.

Iron ore (Dalian Iron ore futures, A$/tonne +3.8%) and gold (LME Gold, A$/ounce +2.3%) were the stand out commodities in January. Industrial metals (S&P GSCI Industrial Metals Total Return Index in AUD +5.4%) and precious metals (S&P GSCI Precious Metals Total Return Index in AUD +1.9%) outperformed energy commodities (S&P GSCI Energy Total Return Index in AUD -5.4%) in the month.

The Australian dollar strengthened against all major currencies, with the US dollar (-3.4%) and Japanese Yen (-2.6%) falling the most amongst the major currencies in January.

Source: Morgan Stanley Research, MSWM Research

Investment Strategy

The MAPS Core Conservative Portfolio draws from Morgan Stanley's leading insights and specifically aligns to the needs of investors with a conservative risk profile. It is designed to capture value at several points in the investment process; asset allocation, active-passive strategy mix, manager selection, portfolio construction and risk management.

The portfolio seeks out the highest quality ETFs and managed funds.

Benefits

- Optimised active-passive mix
- Award winning research capability
- Broad universe of listed ETFs and managed funds
- Broad diversification
- Lower volatility
- Active risk management
- Full performance and tax reporting
- Access to national presentations

Investment Guidelines

Asset allocation ranges	Min %	Target %	Max %
Australian equities	1%	11%	21%
Australian fixed interest	34%	44%	54%
International equities	0%	8%	18%
International fixed interest	11%	21%	31%
Listed property	0%	1%	11%
Cash	10%	15%	30%

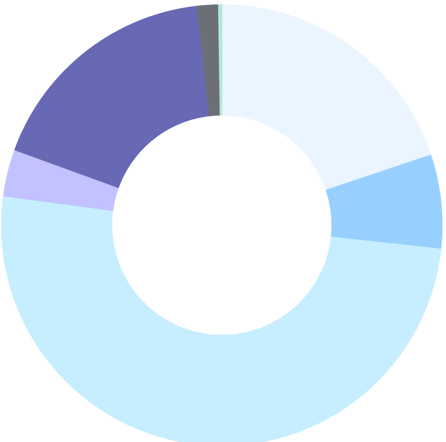
Key Information

Date of inception: 30 September 2020
Minimum investment: $25,000
Model portfolio fee: 0.275% pa (GST included), which is retained by Morgan Stanley Wealth Management.
Typical number of holdings: The portfolio will typically hold up to 35 underlying assets.
Estimated management expense ratio (MER): Less than 0.45% pa (This is an estimate of the current MER for the underlying assets. These are reflected in the unit price of the underlying securities and are not charged to you as a fee or retained by Morgan Stanley Wealth Management.)

Investment team

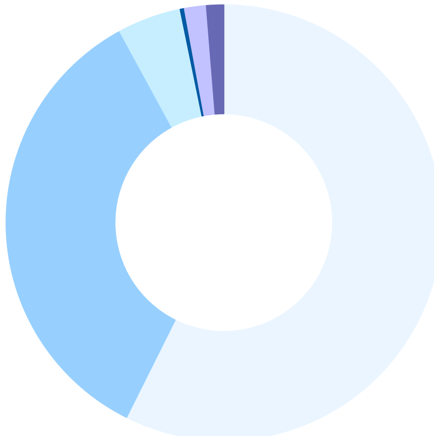
The portfolio is managed by the Morgan Stanley Wealth Management Investment Solutions team. The Investment Solutions team draws on the global resources of Morgan Stanley and also leverages the asset allocation insights from the Morgan Stanley Wealth Management Research team.

Asset Allocation



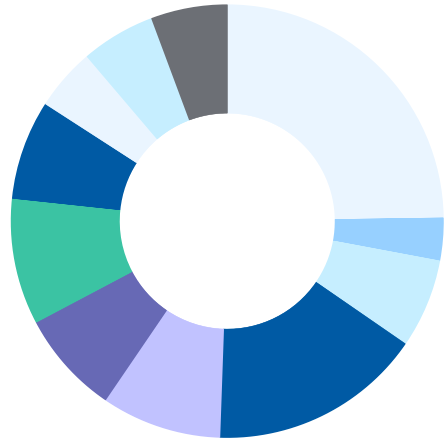
	%
Cash	19.9
Australian Equity	6.9
Australian Fixed Income	50.4
International Equity	3.4
International Fixed Income	17.7
Unclassified (AUS)	1.6
Other	0.2
Total	**100.0**

Equity Regional Exposure



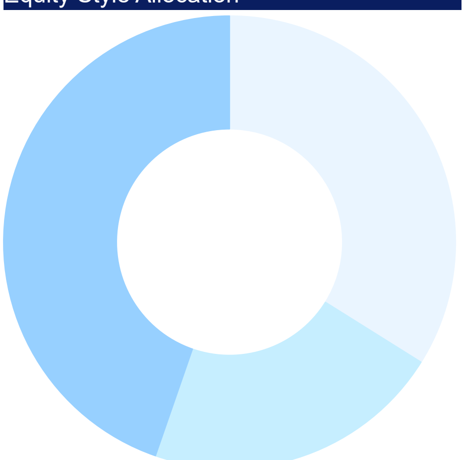
	%
Australia	57.4
North America	34.7
Greater Europe	4.7
Emerging	0.3
Japan	1.6
United Kingdom	1.3
Total	**100.0**

Equity Sectors (GICS)



	%
Financials	24.8
Real Estate	3.2
Consumer Discretionary	6.7
Materials	16.0
Industrials	9.0
Healthcare	7.7
Information Technology	9.4
Energy	7.4
Communication Services	4.7
Consumer Staples	5.5
Utilities	5.7
Total	**100.0**

Equity Style Allocation



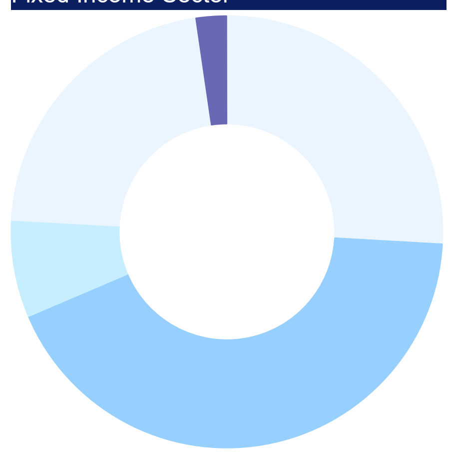
	%
Value	33.9
Growth	21.4
Core	44.7
Total	**100.0**

Top Holdings

Portfolio Date: 31/01/2023

	Portfolio Weighting %
Vanguard Australian Government Bond ETF	24.2
BetaShares Aus High Interest Cash ETF	18.2
Pendal Sustainable Aust Fixed Interest	18.1
Vanguard Intl Fxd Intr (Hdg) ETF	12.4
PIMCO Global Bond W	6.0

Fixed Income Sector



	%
Cash & Equivalents	25.9
Government	42.7
Corporate	7.3
Derivative	21.8
Securitized	2.3
Municipal	0.0
Total	**100.0**

Source: Morningstar, Morgan Stanley Wealth Management Research. Allocations based on the Core Conservative Portfolio As of 31/01/2023.

Benchmark

The Investment Solutions team sets the benchmark for the MAPS Core Conservative Portfolio by referring to analysis generated by the Wealth Management Research team.

The portfolio has a dual benchmark. A real return benchmark (i.e. targeting a premium over inflation) with an appropriate indicative time horizon for realisation; and a relative return objective, allowing investors to measure portfolio performance against the median comparable multi-asset portfolio in Australia.

Portfolio Risk Profile	Real Return Objective	Relative Return Objective
Conservative	CPI + 2.0%	Morningstar Australia Fund Multisector Conservative Category Average
Balanced	CPI + 3.0%	Morningstar Australia Fund Multisector Balanced Category Average
Growth	CPI + 4.5%	Morningstar Australia Fund Multisector Aggressive Category Average

Risks

Investors should note than an investment in the portfolio through Morgan Stanley's Separately Managed Account (SMA) involves risk, including:

Market risk - The risk associated with factors that can influence the direction and volatility of an overall market, as opposed to security-specific risks. These factors can affect one country or a number of countries.

International investments risk - The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.

Currency risk - Currency exchange rate fluctuation risk arising from investing across multiple countries.

Interest rate risk - The risk arising from movements in interest rates which may cause the price of securities within the portfolio to fluctuate.

Credit risk - The risk of an issuing entity defaulting on its obligation to pay interest/principal when due.

Liquidity risk - The risk that an asset may not be converted to cash in a timely manner.

Counterparty risk - The risk of another party to a transaction failing to meet its obligations.

Leverage risk - Where underlying investments contain leverage, the movement in market prices may magnify the gains or losses within the portfolio. This may result in a loss of capital.

Investors should consider the relevant product disclosure statement or offer document (where available) for other risks that may apply.

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