MORNINGSTAR®

Economic Update: Australia
January 2023

Morningstar Research
February 1, 2023

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: https://shareholders.morningstar.com

This document has been prepared by Bagrie Economics under contract with Morningstar. Bagrie Economics accept no liability for any loss or damage caused by this publication. Data and information have been gathered from sources Bagrie Economics believes to be reliable. .

Summary

- Encouraging signs that inflation has turned the corner has improved risk appetites.
- While welcome, tightness across labour markets points to inflation being somewhat sticky, and central banks are firm in their communication that monetary policy will need to remain restrictive for a while. That urges caution.
- Markets are anticipating rate cuts as soon as the back half of 2023.
- Earnings are under the spotlight and expected to remain so given growth risks and input cost pressures. This will likely add to equity volatility.
- We are in a unique period where a combination of factors such as climate change and geopolitical uncertainty, in addition to inflation, add layers of uncertainty.

Key Themes

How much is enough? Interest rates have moved rapidly, monetary policy works with a lag, and inflation is turning. However, inflation looks stickier and unemployment rates are incredibly low. The unemployment rate in New Zealand is 3.4%, while it's 3.5% in the United States, 3.7% in the United Kingdom, and 3.5% in Australia.

There is growing hope that a turning point for inflation has been reached and a hard landing for the global economy can be avoided. Whether this occurs will depend crucially on components of inflation—in particular, core and service sector inflation, which is heavily influenced by labour costs. Weaker growth, higher costs, and narrowing margins have the spotlight on earnings. Taming inflation is negative for margins.

We are entering a unique period characterised by challenges on many levels, both in the near term but also decades out. The World Economic Forum Global Risks Report 2023 notes: "As 2023 begins, the world is facing a set of risks that feel both wholly new and eerily familiar. We have seen a return of "older" risks—inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation and the spectre of nuclear warfare—which few of this generation's business leaders and public policy-makers have experienced. These are being amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, a decline in human development after decades of progress, rapid and unconstrained development of dual-use (civilian and military) technologies, and the growing pressure of climate change impacts and ambitions in an ever-shrinking window for transition to a 1.5°C world. Together, these are converging to shape a unique, uncertain and turbulent decade to come."

Australia Cash and Fixed Interest—Review

Australian interest rates continue to do be dictated by monetary policy and global bond movements.

The Reserve Bank of Australia increased the cash rate target by 25 basis points to 3.1% in December, noting inflation is too high and that, "Global factors explain much of this high inflation, but strong domestic demand relative to the ability of the economy to meet that demand is also playing a role ".

The Australian 10-year bond yield ended 2022 a little over 4%, rising more than 200 basis points in yield over the year, an upwards move seen across other bond markets. The Australian 10-year bond yield was 52 basis points higher at 4.05% in December. Early 2023 has seen bond yields fall in yield, a movement led by the US bond curve, heavily influenced by better inflation data.

The Australia dollar has recovered. Its strength from mid-October has been driven by a peaking and fading US dollar, with the latter driven by growing expectations of a pivot from the US Federal Reserve amid an easing inflationary trend.

Australia Cash and Fixed Interest—Outlook

Market expectations are that Australia's cash rate target will increase by approximately 70-80 basis points over early 2023, implying three 25-basis-point increases. This is in line with communication from the RBA that "The Board expects to increase interest rates further over the period ahead, but it is not on a pre-set course," with the latter leaving some wiggle room.

According to the Reserve Bank of Australia (RBA), wage and labour cost movements are key to watch in assessing inflationary pressure, with the labour market noted as "very tight," and a tinge of hawkishness.

There appears to be a consensus across the major four banks that the cash rate target will come down in 2024, though this is very dependent on the outlook for inflation, as would be expected.

Projections for the Australian 10-year bond are more varied. Westpac economics are projecting outperformance versus the US equivalent, and a decline to under 3%. Conversely, National Australia Bank (NAB) is projecting higher bond yields in the near term before settling over late 2023.

The environment for the Australian dollar remains supportive for now, particularly with China reopening and US dollar strength fading. The latter remains critically dependent on risk appetites remaining intact, and our cautious stance towards equities also carries through to currency markets and the extent of Australian dollar outperformance.

Australian & International Property—Review

The S&P/ASX200 A-REITs Index has had a buoyant start to 2023, rising just over 6% year to date, though it is nonetheless down 12% on a year ago.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

Global listed property has also started on a firmer note, though it is well down when looking at annual performance. The FTSE EPRA-NAREIT Global index in US dollars for the year to date is up 4.7%, though down 19.6% on 12 months ago. Europe has been leading the rise in 2023 after strongly underperforming in 2022.

Australian & International Property—Outlook

The key challenge for Australian and global real estate is adjusting to the new cost, and availability, of money. While different views exist over the path of interest rates over the coming two years and prospects for central banks easing rates, there seems to be reasonable agreement that interest rates will be higher and finance more expensive than in the past.

The chase for yield, driven by lower and lower interest rates over the past decade, could now be a wait for yield. On top of that you can add the risk of a slowing economy that reduces the demand for space.

According to J.P. Morgan's 2023 commercial real estate outlook, "The 2023 commercial real estate outlook indicates there may be challenges ahead. Retail is at a crossroads, and the future of office space is unclear. Plus, supply chain issues persist, and inflation is near 40-year highs, prompting the Fed to steadily increase interest rates. But there are a few bright spots in the commercial real estate forecast. Multifamily properties continue to perform well, and the hot streak for industrial properties remains."

A recent Bloomberg article was titled, "Global Real Estate is Sitting on a USD $175 Billion Debt Time Bomb."[1]

With risk-free interest rates (proxied by 10-year bond yields) rising more than 200 basis points in many nations, along with tighter lending standards, there is upward pressure on cap rates and downward pressure on property values.

The precise impact or risk profile of individual assets will differ and come down to many factors. These include sector type, market and lease terms, asset quality, and the assets' net operating income. Some optimism towards the sector can come from inflation, with elevated construction costs and rising yields challenging new development project viability. This will help constrain new supply.

Global Infrastructure—Review

The S&P Global Infrastructure Index in US dollars is marginally higher than a year ago and has risen 5% in the month to date. The sector benefits from its defensive characteristics, but also the positivity from being exposed to secular themes, including aging demographics and the energy transition.

Global Infrastructure—Outlook

A key attraction of infrastructure is its connectivity with several macro drivers. There is strong social and political conviction towards greener and more sustainable solutions.

[1] https://www.bloomberg.com/news/features/2023-01-20/global-real-estate-is-sitting-on-a-175-billion-debt-time-bomb

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

Another attraction is that macro drivers include energy security, which is heavily influencing policy decisions and requires a significant commitment to new infrastructure for countries to obtain it. Events in Russia/Ukraine and the impact on energy supply and prices across Europe have driven a focus on energy security and energy investment.

After decades where the process of globalisation drove increasing trade, we are now seeing the reverse as geopolitical considerations become more influential and security over supply becomes more of a consideration. In the transport space, this will mean altered trade routes and adjustments to supply chains to bring production closer to home. This, in turn, boosts demand for transport infrastructure.

Australian Equities—Review

The S&P/ASX200 index is up 1.5% on a year ago, boosted by strong start to 2023 of 5.9%. Metals and mining is up 7.4% on a year ago and 10.4% since the start of the year. Banks are up 6.2% on a year ago and 4.9% this year to date.

The December quarter showed mixed results, with a 3.2% decline in December. The largest fall was in the consumer discretionary sector (down 7.0%). However, December weakness was not able to reverse the gains from October and November and markets delivered positive returns for the quarter.

Australian Equities—Outlook

Recessionary fears are not as prevalent in Australia as they are in other areas such as the US, New Zealand, and Europe.

The Westpac-MI Consumer Sentiment survey reported another improvement in confidence. The headline index was up 5.0% in January, to be up 8.1% over the last two months. However, at 84.3, confidence among households is still low.

Employment growth disappointed in December, but the labour market remains tight with unemployment unchanged at 3.5%. SEEK job ads fell 2.6% in December, the seventh consecutive monthly decline, and are now 21% below their May 2022 peak but still 34% above pre-pandemic levels.

With attention squarely on labour market conditions, one measure of labour tightness is the number of unemployed persons per job vacancy. This remains at near-record lows at 1.1, compared with 3.1 just prior to the pandemic. On this measure, the labour market remains tight and continues to place risks to the upside to forecasts of wages growth.

Reflecting the level of uncertainty, we are facing, it was notable that the RBA considered a rate pause in December, along with increases of 25 and 50 basis points. A weaker inflationary vibe is coming from easing global growth and lower goods price inflation as supply chain disruptions resolve. On the hawkish side, the Board notes the balance of risks on Australian wage growth had shifted to the upside. Many central banks are facing that conundrum of slowing growth but persistent wage price pressures.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

According to Standard & Poor's estimates (compiled at the end of 2022), the trailing P/E of the S&P/ASX 200 is 14.2 and the forward P/E is 13.7 with a dividend yield of 4.6%. At 14.2 times, valuations on equity markets sit close to long-run averages.

China is key for Australia. The release of China's gross domestic product numbers and the associated partials depicted turmoil created by the December-end of zero-COVID-19 policies, but also some underlying strength across the economy. Rather than contracting, GDP stalled in the December quarter. Purchasing of necessities offset a significant fall in services consumption. Fixed asset investment remained buoyant with total investment up 5% for the year.

International Fixed Interest—Review

The yield on a 10-year US bond started 2022 at 1.54%, briefly hit 4.3%, and closed 2022 at 3.88%, before subsequently easing further in early 2023 to 3.4%. The Bloomberg Global Aggregate Index reports a 12.5% loss for the year.

The catalyst to falling yields has been falling inflation and expectations of a pivot from the Fed towards 25-basis-point hikes, and growing expectations the federal-funds rate could fall before year-end.

One key feature of 2022 was equity and fixed-income markets breaking from tradition and losing value in tandem.

International Fixed Interest—Outlook

While 2022 proved to be painful across fixed-income markets, the move was a welcome return to a more normal era and structurally higher interest rates than we have become used to over the preceding decade. Fixed income now offers a modicum of income that has been extremely hard to come by for many years. Yields and valuations now look more attractive than they have been for a long time.

As the macro debate had shifted from inflation to a potential recession, the defensive qualities of fixed income have proved attractive in late 2022 and early 2023.

Recession fears continue, and the full impact of monetary policy is another 18 months in waiting, contributing to calls for a Fed pivot. Despite this, the Fed has been strong in its resolve that rates will remain high for some time.

Markets are taking a different view, anticipating rate cuts in the second half of 2023, backing historical behaviour where recessions are usually supported by policy accommodation and safe-haven buying. Core goods inflation is falling, dictated by a weakening in prices for apparel, used cars, and furnishings. Expectations are that service sector inflation will follow, particularly with new lease signings implying that rent/services inflation (a key contributor to inflation) is set to turn.

There are few words more dangerous in the economic lexicon than "This time is different." But the use of history as a guide to the future faces challenges.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

The first challenge is the inflationary dynamic itself. We are no longer in the globalised and connected world of the past 30 years. Onshoring and reshoring is taking place to secure supply. Climate change means a likely ongoing series of disruptive price shocks. Baby boomers are spending, not saving. Labour market dynamics have shifted towards workers. Governments face huge pressure to address climate change and infrastructure deficiencies via spending, which puts fiscal policy working against monetary policy.

The second challenge is the unwinding of extraordinary policy stimulus. Central bank balance sheets expanded rapidly courtesy of quantitative easing and now need some release. The Bank of England already commenced asset sales in November and the European Central Bank is set to taper in March of 2023. The Fed will likely also look for opportunities to shrink its balance sheet in 2023. The Bank of Japan has shifted the goalposts on yield curve control, a prerequisite to less policy accommodation. Meanwhile, we have the annual shenanigans over the US debt ceiling. The UK authorities' struggle with the fallout of a budget full of unfunded tax giveaways signals that market forces are back.

As such, fixed income carries similar uncertainty to equities, though from a valuation perspective, it looks better placed.

International Equities—Review

"Difficult" is one way to describe 2022 and most will be pleased the door has been closed on that year. The S&P 500 was down 18.1%—its worst year since 2008. The Nasdaq composite was down 33.1%. The Russell 2000 dropped 21.6% and the Dow Jones Industrials dropped 8.8%. The MCSI World Equity Index lost almost one fifth of value in its worst annual performance since 2008. Markets showed strength in the final quarter of the year, with foreign markets significantly outperforming the S&P 500, boosted by China ending its zero-COVID-19 policy and UK shares responding to the resignation of Prime Minister Liz Truss.

International Equities—Outlook

The global economy faces an uncertain year and the equity market with it, though recent green shoots need to be acknowledged and sentiment has turned less bearish. Businesses are facing higher input costs, monetary policy is being tightened, and demand is weakening, which makes it a challenging environment for earnings.

The last 12 months have seen the fastest increase in the fed-funds rate since 1981, and the fastest increase in ECB rates since the establishment of the Eurozone. Various purchasing manager indexes are showing contraction in major nations, though the odd nation is bucking the trend. The OECD's leading indicator is easing.

The World Economic Forum survey of Chief Economists in January 2023 put high odds on a global recession. Almost two thirds of economists surveyed expect there will be a recession in 2023. The IMF

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

expects around one third of the global economy to enter a recession in 2023 and it has cut its forecast for global GDP for the year to 2.7%.

However, prospects for the global economy have improved of late, buoyed by signs that inflation is retreating, giving central banks latitude to slow the pace of policy tightening.

According to JPMorgan Chase (using a trading model which includes seven of nine asset classes from high-grade bonds to European stocks), the odds of a recession are now less than 50%. This is a major reversal from October when a contraction was effectively seen as inevitable across markets.

However, GDP growth in the US is still expected to fall at a 0.6% annualised rate in the second quarter and 0.3% in the third quarter with stagnant consumer spending, softer business investment, and weaker industrial production. This is according to a Bloomberg survey of 73 economists conducted January 13-18. So, we have a raft of contrasting views.

Headline inflation is now receding in key nations such as the US, falling for the sixth straight month to 6.5%, and markets have been encouraged by the movement. “Sticky” prices, as measured by the Atlanta Federal Reserve, were 7.6% annualised in June 2022. The three-month change in the “sticky” component has fallen to 5.5%. If we exclude shelter, the decline has been from 7.7% to 2.9% annualised. This is encouraging, though at a more aggregated level core inflation remains elevated—particularly service sector inflation.

Kristalina Georgieva, managing director of the International Monetary Fund, speaking at the closing session of the World Economic Forum in Davos, noted improving growth prospects but also warned against being too sanguine. “My message is that it is less bad than we feared a couple of months ago but that doesn’t mean good. What has improved is that inflation seems to be leaning in the right direction—that is down.” She added: “Don’t go from being too pessimistic to being too optimistic.”

In addition, prospects for China have brightened since it abandoned its zero-COVID-19 strategies.

The January 2023 Bank of America Global Fund Manager Survey results reported strong optimism for China’s growth outlook, bullish sentiment towards Asia, slightly receding recession fears, and neutral calls on the outlook for long-term interest rates. The largest tail risk was noted as inflation staying high (34%) followed by a recession (20%). The bottom line is that while caution still prevails, people are less cautious overall.

According to Factset:

- “For the fourth-quarter 2022 reporting season, 67% of S&P 500 companies have so far reported a positive earnings per share surprise and 64% of S&P 500 companies have reported a positive revenue surprise. Note that earnings were revised lower in late 2022.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or ‘regulated financial advice’ under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar’s full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product’s future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

- The forward 12-month P/E ratio for the S&P 500 is 17.0. This P/E ratio is below the five-year average (18.5) and below the 10-year average (17.2).
- For Q4 2022, the blended earnings decline for the S&P 500 is negative 4.6% (so far). If negative 4.6% is the actual decline for the quarter, it will mark the first time the index has reported a year-over-year decline in earnings since third-quarter 2020 (negative 5.7%).
- With the market concerned about inflation, margins are receiving attention. The (blended) net profit margin for the S&P 500 for fourth-quarter 2022 is 11.4%. This is a fall from 11.9% last quarter and marks the sixth successive quarterly decline. The latest result is equal to the five-year average net profit margin (11.4%)."

Goldman Sachs expects the S&P 500 to end 2023 around the 4,000 level with flat earnings growth, supported by a soft landing for the economy. A 20% decline is projected if a recession occurs, however, which reinforces recessionary risks.

Where does this leave us? The consensus still looks to be for a recession, but a recession that is mild and close to a soft-landing, with earnings estimates coming down but not pricing in a deep recession. It may be that existing strength of the labour market and the lags between monetary policy and the economy push weakness out into late 2023 and possibly 2024.

The key battle for 2023 is the market versus the Fed. The market is not buying into rates being above 5% and holding there; instead, it expects a clear pivot. Who is right will have a huge bearing on equity performance in 2023.

Performance periods unless otherwise stated generally refer to periods ended Jan. 20, 2023.

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

Copyright, Disclaimer and Other Information

This report has been issued and distributed by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited NZBN: 9429039567505, subsidiaries of Morningstar, Inc.

To the extent the report contains any general advice or 'regulated financial advice' under New Zealand law this has been prepared by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd, without reference to your objectives, financial situation or needs. For more information please refer to our Financial Services Guide for Australian users and our Financial Advice Provider Disclosure Statement for New Zealand users. These are available at: www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement

Copyright

©The material contained in this document is copyright of Morningstar, Inc., its licensors and any related bodies corporate that are involved in the document's creation. All rights reserved. Except as permitted by the Copyright Act 1968 (Australia) or Copyright Act 1994 (New Zealand), you may not reproduce, transmit, disseminate, sell or publish this information without the written consent of Morningstar, Inc.

Trademarks

Morningstar and the Morningstar logo are registered trademarks of Morningstar, Inc.

Disclaimer

All care has been taken in preparing this report. However, please note we base our financial product research on current information provided to us by third parties (including financial product issuers) which we cannot necessarily verify. While we use all reasonable efforts to obtain information from reliable sources, we do not guarantee the data or content contained herein to be accurate, complete or timely. To the extent that our research is based on information received from other parties, no liability is accepted by Morningstar, its affiliates nor their content providers for errors contained in the report or omissions from the report. Morningstar determines its ratings on information disclosed to it by financial product issuers and on past performance of products. Past performance is no guarantee of future performance.

More Information

If you wish to obtain further information regarding this report, licensing and our services, please contact us on:

Morningstar.com.au subscribers
Tel: 1800 03 44 55
Email: help.au@morningstar.com

Advisers/Institutions/Others
Tel: +61 2 9276 4446
Email: helpdesk.au@morningstar.com

For further information on our analysts and research methodologies, we recommend you visit:
www.global.morningstar.com/au/researchdocuments

© 2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) and Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.