MORNINGSTAR®

Economic Update: Australia
August 2023

Morningstar Research
August 22, 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

Summary

- The trajectory for inflation remains key, with markets embracing falling headline rates and central banks being wary over the persistence of core inflation pressures.
- A hoped-for pivot in the trajectory for interest rates has been replaced by "higher for longer," which has been accentuated by stronger global growth (led by the United States) and bond supply.
- Equity markets have been embracing the soft-landing narrative: the combination of positive growth without excessive collateral damage and receding inflation.
- That narrative has become more challenged in the past week, the key challengers being inflation's persistence, rising interest rates, the sustainability of growth amid higher interest rates, and rising concerns over China.
- The persistence of ongoing supply shocks and excess demand is a difficult inflation combination to battle, and higher bond yields appear to be part of the solution.

Australia Cash and Fixed Interest—Review

The Reserve Bank of Australia, or RBA, appears more comfortable with monetary policy settings, noting that "The recent data are consistent with inflation returning to the 2–3 per cent target range over the forecast horizon and with output and employment continuing to grow," though "some further tightening may be required."

No change to the cash rate has seen front-end yields remain relatively unchanged. It has been a different story for longer-term yields, such as the 10-year bond, which has risen to around 4.25%, dragged higher and broadly matching movements by global (U.S.) equivalents.

The Australian dollar has fallen to 0.64 versus the United States dollar at the time of writing. This has been driven by USD strength, a slight change in tone from the RBA, and rising concerns over China.

Australia Cash and Fixed Interest—Outlook

On hold with a soft tightening bias from the RBA has markets erring toward the possibility of one more increase in the cash rate before year-end. Risks appear symmetrical. Downside global growth risks are growing but inflation is "still too high at 6%" with "the prices of many services rising briskly." Wage growth is consistent with the current inflation target, but that is conditional on productivity growth picking up.

Mirroring global moves, market emphasis has shifted from near-term cash rate movements to expectations a year ahead, and expectations of cash rates remaining higher for longer and well into 2024.

Projections for long-term interest rates in Australia have been raised, somewhat reflecting the higher starting point, though the consensus remains a declining trend over the latter part of 2023 and 2024. With inflation proving more sticky, terminal cash rate expectations are being pushed higher and for longer, which adds a bit more persistent elevation into longer-term yields.

NAB is projecting the yield on Australia's 10-year bond, easing to 3.6% in 2024. Westpac remains at the more aggressive end, projecting 3.2%.

Forecasts for the AUD are largely directionally higher, underpinned by a weaker USD. This reflects a combination of valuations (USD receding from overvaluation), and the United States' greater advancement in the inflation cycle, which leads to the same for the interest rate and a prospective easing cycle from the Federal Reserve. Westpac is projecting the AUD/USD rising to 0.74 by the end of 2024, ANZ 0.73, and NAB similar. Sticking points to this are China (commodity prices) and risk aversion if equity sentiment turns toward a hard-landing scenario.

The USD also faces structural challenges, too, though the USD's strength in the face of Fitch's credit downgrade has served to reinforce its safe haven status and lack of alternatives.

Australian and International Property—Review

The S&P/ASX200 A-REITs Index is down 3.1% month to date though up 2.2% year to date. The index is down 6.9% on a year ago.

August has been a tough month for property according to various FTSE EPRA Nareit Global Real Estate Index Series. The Global Index in U.S. dollars (total return) is down 5.3%, giving up earlier yearly gains to be broadly flat year to date. The index is down 13% on a year ago.

Australian and International Property—Outlook

Bifurcation and higher interest rates for longer are key themes.

The former was aptly summarized with JLL's August 2023, Global Real Estate Perspectives – Highlights. "While all major sectors experienced notable declines during the first half of 2023, sectoral outlooks in the short and long term are varied as sentiment and performance across property sectors remains bifurcated. The living sector continues to be the most active globally based on transaction volumes year-to-date, while investor sentiment and bidding dynamics for logistics remain resilient despite cooling fundamentals in some markets and volumes declining globally 50% year-to-date. Office pricing and liquidity are under pressure amid weak global sentiment from investors and lenders. The uncertainty over future office demand persists given slow economic growth and the adoption of hybrid work policies, and investors and lenders alike are focused on existing office exposure."

In the office space, occupiers are noted as remaining cautious, logistics activity as moderating, and retail improving as consumers return to stores.

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

The negative side of commercial property, arising from higher interest rates, is also apparent given its important influence on cap rates. With rising rates also comes refinancing and economic (tenant) risk along with pressure on leverage ratios. The pandemic's long-term impact on office occupancy continues to circulate.

Lower transaction volumes provide few markers for landlords and lenders to determine the value of assets, which is adding to uncertainty. Property debt is reputedly harder to sell.[1] According to Moody's Investors Service, global banks hold about half of the USD 6 trillion outstanding commercial real estate debt, with the largest share maturing in 2023-26, putting refinancing risk front and centre.

The signs point to a challenging environment of commercial property, given interest-rate sensitivity. Reuters recently reported that "Global lenders to Australian industrial and office real estate investment trusts (REITs), who supplied credit risk assessments to data provider Credit Benchmark in July, said firms in the sector were now 17.9% more likely to default on debt than they estimated six months ago. Borrowers in the UK real estate holding & development category were 4% more likely to default."

Major ASX-listed property players including Dexus, Mirvac, and shopping mall owner Vicinity Centres recorded portfolio losses in recent financial results, amid warnings that more devaluations are likely. Dexus chief Darren Steinberg commented the property market was only "halfway through a challenging period" as inflation, higher interest rates, and geopolitical risks weigh on capital flows and market sentiment.

Global Infrastructure—Review

The S&P Global Infrastructure Index in U.S. dollars is down 4.8% month to date, down 1.7% year to date, and down 9% on a year ago.

The MSCI World Core Infrastructure Index (USD net index) has underperformed broader indexes in 2023. Year to date (July), a 1.6% gain has been recorded compared with double-digit returns across other market indexes.

Global Infrastructure—Outlook

Dominant themes influencing infrastructure include elevated interest rates, inflation, sustainability, and demand drivers.

With interest rates—as evidenced by higher long-term bond yields—starting to accept a higher for longer interest rate narrative, a higher cost of capital represents a challenge for real assets including infrastructure. This is accentuated by high government debt levels across many countries in the OECD, putting the onus on alternative (public/private) funding solutions for necessary infrastructure investment.

---

[1] https://www.bnnbloomberg.ca/property-loans-are-so-unappealing-that-banks-want-to-dump-them-1.1955910#:~:text=(Bloomberg)%20%2D%2D%20Banks%20seeking%20to,including%20Goldman%20Sachs%20Group%20Inc

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

Higher interest rates also raise the odds of a hard or recessionary landing, an environment where infrastructure investments have typically held up well given the inelastic nature of the investments and pricing protection in contracts.

Growth catalysts in the form of sustainability remain. This includes clean energy, electrified vehicle infrastructure, green investment, and Infrastructure Technology, or InfraTech. InfraTech represents digital and nondigital technologies that enable step-change improvements in economic, social, or environmental outcomes.

The war in Ukraine has also bought to the forefront energy security and need for greater renewable energy development.

Given the long-term nature of infrastructure drivers/secular themes, it is akin to the tortoise rather than the hare and requires patience.

Australasian Equities—Review

The S&P/ASX200 Index is up 1.5% for the year to date and 0.3% on a year ago, underperforming most global peers.

The ASX200 gained 2.9% in July and the small-cap index outperformed with a 3.5% rise, though Australian equities lagged the U.S. market. Energy posted the highest return followed by financials. Consumer staples and healthcare declined.

August has so far proved challenging and is down 3.6%.

Australasian Equities—Outlook

The consensus has the Australian economy averting a recession in the battle against inflation with the RBA noting, "the economy was still on the narrow path in which inflation returns to target while employment and the economy continue to grow."

While still having forward momentum, growth was expected to be well below its trend pace over 2023 (around 1%) as cost-of-living pressures and higher interest rates restrict demand, before growth lifts slowly over 2024 according to the RBA, NAB, and Westpac.

Westpac-MI Leading Index is flagging weak growth in 2023 extending into 2024. NAB's business survey shows weakness in forward orders (an indicator of earnings per share). Consumption/discretionary spending remains subdued and sectoral variations are apparent.

Positive signals are coming from strong population growth, which appears to have flowed into national house prices, which have started to increase. However, construction supply remains limited for various reasons, including financial conditions and capacity.

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

Cost and potential margin pressures remain, along with cost and pricing indicators abruptly increasing, indicated in Australia's NAB business survey this month.

With Australia, like many countries, still watching the delayed impact of monetary-policy tightening filter through the economy, risks remain of entry into an earnings downgrade cycle. Inflation is typically not friendly for business margins, particularly when combined with a slow growth environment.

Australia will be eying developments in China, too. Structural challenges including demographics, a shrinking population, and property market problems are some of the known uncertainties. Other challenges include a declining market share of U.S. imports and geopolitical tension. It is the unknowns such as the extent of shadow bank leverage and rising question marks over the quality of economic reporting that is troubling, along with the downward pressure on the currency.

According to Standard & Poor's estimates, the trailing P/E of the S&P/ASX 200 is 15.0 (last month it was 14.6), and the forward P/E is 15.4, with an indicated dividend yield of 4.5%.

International Fixed Interest—Review

Markets have shifted from expecting a sharp pivot in policy rates in 2024 to higher for longer. A key contributor has been fading recession fears on belief in the soft landing and consequential repricing of the rates outlook to higher for longer, which has led to higher yields on 10-year bonds. Higher anticipated bond supply and the return of fundamentals has added to the move. Higher interest rates have weighed on bond returns, which have underperformed equities in 2023.

The Bloomberg Global-Aggregate Total Return Index Value (unhedged USD) is down 0.2% for the year to date and 3.6% on last year. The S&P Global Developed Sovereign Bond Index has delivered a year-to-date return of 0.6%, though it has been a negative 5.2% return over the past year. Bonds returns are down in August.

International Fixed Interest—Outlook

Headline inflation has moderated across most economies. Typically, this would be seen as positive for bonds and fixed income, and two successive months of core inflation printing 0.2% has been welcome in the U.S.

However, core inflation remains stubborn on many levels around the globe due to still-strong momentum in prices of services that are usually sticky, with output being relatively labour-intensive and susceptible to wage pressures around the globe.

Many central banks, including the United States Federal Reserve, have moved into a more data-dependent stage of the cycle, wary of inflation risks and the risk of overtightening. Market pricing has the RBNZ, RBA, U.S. Federal Reserve, Bank of Canada, and ECB at, or near, peaking. The exception is the Bank of England, which has more work to do.

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

There stands a readiness to increase interest rates further. According to the minutes of the U.S. Federal Reserve's July 25-26 policy meeting: "Most participants continued to see significant upside risks to inflation, which could require further tightening of monetary policy."

Bond yields have tracked higher, and higher yields have put more options into fixed-income portfolios that did not exist even 18 months ago.

Higher yields are being supported for now by:

- Sticky core inflation with an additional boost from strength in commodities including oil/petrol/fuel (though lower in recent days). Higher-than-expected producer prices offset weaker consumer price figures in the U.S.
- Resilient growth and wider acceptance that rates will need to be elevated until we get that desired slowdown next year that will move global unemployment rates up and dampen core and service inflation. A soft-landing narrative is dominating the hard-landing one.
- Concerns that the recent lull in inflation could prove transitory due to economic resilience, most notably in the United States. Popular GDP nowcasts, like the Atlanta Fed's GDPNow, show well-above-trend growth.
- Higher equilibrium interest-rate expectations.
- More bond market supply in the U.S. accentuated by a credit downgrade by Fitch.
- A tweaking in yield-curve control by the Bank of Japan, effectively shifting the upper band from 0.5% to 1%, the start of a long road to policy normalisation.

The recent Fed minutes supported the soft-landing narrative: "The staff no longer judged that the economy would enter a mild recession toward the end of the year," the minutes said, though the staff still felt the economy would slow to a growth rate below its long-run potential in 2024 and 2025, with inflation falling and risks "tilted to the downside."

Whether these forces can continue to provide further impetus remains to be seen. We are however seeing cracks with each move higher in interest rates, a potential precursor to lower interest rates. Weakness within China is becoming more widely reported with the economy slumping into deflation, the widespread negative signals about the property market, and the real economic variables undershooting expectations, which all necessitated the PBOC to cut rates, which will accentuate currency pressure. Argentina and Russia have been forced to lift interest rates to defend their currencies.

The global economy has been strongly dependent on upward growth revisions in the U.S. Should that reverse, risk sentiment could turn quickly. The yield curve continues to warn of recessionary risks.

The whole soft-landing narrative is being supported by a tight labour market, which gives the economy a degree of resilience to absorb shock. The problem with that scenario is that it is not conducive to rapidly service the easing of sector inflation. Higher rates may well be the precursor to lower rates.

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

International Equities—Review

Seven months of general optimism and higher equities has been replaced by risk off in August.

The combination of mega tech, artificial intelligence enthusiasm, less negative earnings, declining inflation, and growth outperformance has been powerful in the first seven months of the year, though far from one-way traffic with financial system concerns in the first quarter. Risk on has been a powerful narrative, even as interest rates have gravitated higher and delivered double-digit returns across the MSCI World Index, S&P 500, German Dax 30, France CAC 40, and Japan's Nikkei 225 for the first seven months of the year.

Sentiment in August has turned to risk off, as inflation concerns rise, interest rates move higher, and concerns mount over China's economy.

International Equities—Outlook

Lower inflation, resilience in growth, better earnings results, and excitement around mega-tech has been a favourable combination for equities, whose performance has exceeded most expectations in 2023.

Many commentators have switched from a hard-landing projection for the U.S. and global economy to a soft one. The International Monetary Fund raised its 2023 global growth estimates slightly, given resilient economic activity in the first half of the year, though it warned that persistent challenges were dampening the medium-term outlook. Recessionary odds have eased with the U.S. economy's main engines—consumer and business spending are still doing well, inflation is moderating, there is slower but still steady job growth, and there is stabilisation in the housing market. U.S. Fed economists are "no longer forecasting a recession." Some of Wall Street's biggest firms including JPMorgan Chase & Co. to the Bank of America Corp., have stepped back from warnings of a downturn.

The data has defied one of the most aggressive tightening cycles from central banks ever seen.

Sceptics of a soft-landing point to the lags in monetary policy, stricter lending (Moody's recently downgraded 10 small- to midsized banks), continued inflationary pressure on central banks to raise rates, the inflationary and disposable income impact of higher gas prices, whittling of savings buffers, and diminished capacity for fiscal support following Fitch's recent credit downgrade of the United States. Globally, the President of the United States went so far as to refer to China's economy as a "time bomb." Two-year yields sit well above 10-year yields in the U.S., and historically, two thirds of the time the yield curve has inverted, the U.S. economy has fallen into a recession within 18 months. While curve inversion is off lows, it is still deeply negative.

Abundant liquidity continues to have a huge say, and real interest rates have only recently turned positive in many nations, and some would say this is the real barometer of monetary policy.

Returning inflation to desired rates or a target rate still faces challenges, and the war on inflation is yet to be won. Recent rises in energy prices around the globe will boost inflation, at a time when core

© 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.

inflation remains elevated. The world seems to be battling excess demand along with regular supply shocks or shifts in supply conditions, such as tightening oil capacity, which has boosted oil prices and will turn energy from a negative contributor to inflation to a positive one over the coming months.

The upcoming get-together at Jackson Hole is aptly titled "Structural Shifts in the Global Economy," a theme pertinent to inflation sustainably returning to target. The Ministry of Foreign Affairs in New Zealand recently released "Navigating a Shifting World," which noted three themes: shifting from rules to power, security having a bigger influence on trade, and efficiency shifting to resilience, as "just in time" becomes "just in case." That combination signals a stronger tradable inflation pulse that we have seen in recent decades.

Given recent equity market strength, incremental uplifts from this point appear more difficult, though not impossible to achieve, and individual markets will have their own microeconomic aspects amidst an environment where the risks (inflation, growth, geopolitical) appear more elevated than three months ago. While global growth was resilient across the first half of the year, this is beginning to fade, particularly in China. Weakness in the property market continues to lead to lower growth in China, and weak growth is being accentuated by a profound shift (fall) in China's share of U.S imports.

According to data compiled by Bloomberg Intelligence, S&P 500 Index companies are on track to notch a third straight quarter of profit declines, with per-share earnings down 7% after more than 80% of members have reported. Profit growth, excluding the energy sector, is forecast to return in the September quarter with growing belief that firms are navigating a high interest rate and strong wage growth better than expected and supported by a better economy. A brighter view is being taken on operating margins and "two key groups known for their ties to the health of the economy — industrials and discretionary — are leading positive revisions higher."

That might be achievable provided the soft-landing thesis and immaculate disinflation hold together. That thesis is being challenged by higher interest rates, shifts in the supply side of many economies/markets, and equities that have moved into risk-off mode. It is times like this when diversification in portfolios is prudent.

Performance periods unless otherwise stated generally refer to periods ended Friday, Aug. 18, 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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 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 and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).

To the extent any content is general advice, it has been prepared by Morningstar Australasia Pty Ltd (ABN 95 090 665 544, AFSL: 240892). Any general advice has been provided without reference to your investment objectives, financial situations or needs. For more information refer to our Financial Services Guide. To obtain advice tailored to your situation, contact a financial advisor. You should consider the advice in light of these matters and if applicable the relevant Product Disclosure Statement before making any decision to invest.

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	**Advisers/Institutions/Others**
Tel: 1800 03 44 55	Tel: +61 2 9276 4446
Email: help.au@morningstar.com	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. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at www.morningstar.com.au/s/fsg.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 financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.