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Managed Portfolio Performance Update – September 2021

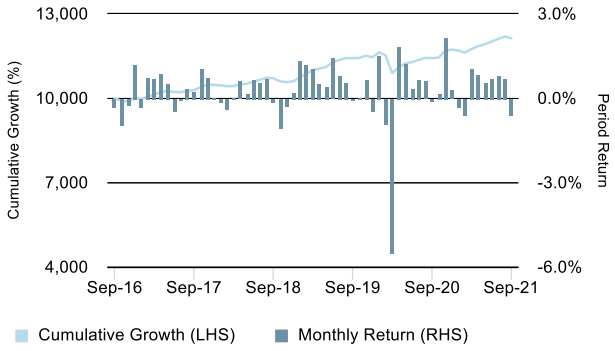
Lonsec Active (FirstChoice Managed Account Range: Defensive) - Super

Portfolio performance - September 2021

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	-0.57	0.99	3.22	6.15	4.22	3.93
Peer Group Benchmark**	-0.66	0.68	2.90	6.05	3.76	3.52
Excess Return*	0.09	0.31	0.32	0.10	0.46	0.41

*Performance prior to 1 October 2021 is based on a notional portfolio. Past performance is not a reliable indicator of future performance. Performance is calculated before taxes and platform fees and are net of underlying investment management fees. For full details of fees, please refer to the relevant platform provider. Performance is notional in nature and the actual performance of individual portfolios may differ to the performance of the Managed Portfolios. Totals presented in this report may not sum due to rounding. **Peer Group Benchmark is based on the Financial Express UT Peer Group Multi-Asset Cautious Index.

Cumulative performance (5 years)



Market review

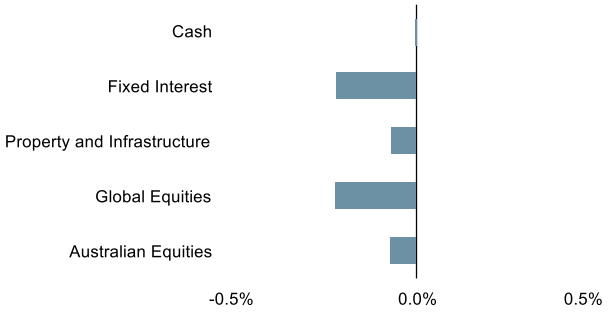
The Australian share market finished lower in September, ending an impressive 11-month run of gains, with the S&P/ASX 300 losing 1.9% for the month. The Energy sector benefitted from rising coal and oil prices, with the sector up 16.7% for the month. Materials, Health Care and Information Technology were the biggest drags on the Index falling 9.3%, 4.9% and 3.9% respectively.

September saw an evaporation to the gains made in global markets over the last three months, with developed and emerging markets receding by 3.1% and 2.8% in Australian Dollar terms respectively as measured by the MSCI AC World ex-Australia Index and MSCI Emerging Markets Index. This contraction in performance was primarily driven by fears of a global financial contagion stemming from the worlds most indebted company, Evergrande Group based in China.

The S&P/ASX 200 A-REIT Accumulation Index returned -2.2% in September, mainly fuelled by selling towards the month end. Global real estate equities (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged) sold off during September, with the index closing 5.4% lower.

September saw a sharp reversal in the performance in Fixed Income markets, with the trend of decreasing yields coming to a halt. Increasing inflationary expectations, and growing fears that the current high levels of inflation may not be transitory, have driven yields upwards. Credit spreads also widened over the month which, combined with the changes to the risk-free rate, resulted in the Bloomberg AusBond Composite 0+ Yr Index falling -1.5% over the month. Globally, the story is very similar, as continued supply issues drive fears of protracted inflationary pressure, resulting in rising yields. As such, the Bloomberg Barclays Global Aggregate Index (AUD Hedged) Index fell -1.0% over the month.

Performance contribution



Performance contribution measures the absolute contribution of each constituent asset class to the total performance of the portfolio.

Top 3 contributors to performance	%
Generic Cash	0.00
CFS FirstChoice PSup Perpetual Wholesale Diversified Income	0.00
CFS FirstChoice Wholesale Personal Super - Schroder Wholesale Absolute Return Income	0.00

Bottom 3 contributors to performance	%
CFS FirstChoice MFS Wholesale Global Equity Super	-0.12
CFS FC W PSup-PIMCO Wholesale Global Bond	-0.10
FirstChoice WS Pers Super - Acadian WS Global Managed Volatility Equity	-0.10

Portfolio changes	%
There were no changes to the portfolio for the past 1 month	

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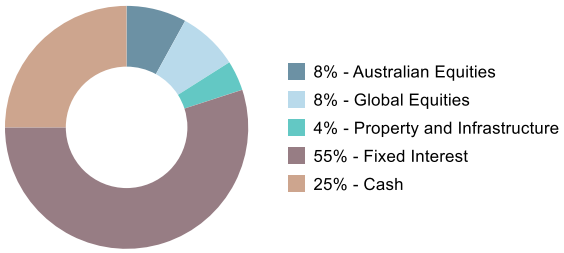
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Portfolio structure

Strategy/Asset class	Fund	%
Australian Equities		**8**
Market Exposure	CFS FirstChoice Investors Mutual Wholesale Australian Share PersSuper	4
Market Exposure	CFS FirstChoice Fidelity Wholesale Australian Equities PersSuper	4
Global Equities		**8**
Market Exposure	CFS FirstChoice MFS Wholesale Global Equity Super	4
Risk Control	FirstChoice WS Pers Super - Acadian WS Global Managed Volatility Equity	4
Property and Infrastructure		**4**
Domestic Listed Property	CFS FC WS PersSuper - Pendal WS Property Investment	4
Fixed Interest		**55**
Global Fixed Interest	CFS FC W PSup-PIMCO Wholesale Global Bond	13
Income & Capital Stability	CFS FC WS Super -Macquarie Income Opportunities	12
Income & Capital Stability	CFS FirstChoice PSup Perpetual Wholesale Diversified Income	11
Global Fixed Interest	CFS FC W PSup-Colchester Wholesale Global Government Bond	10
Diversified Fixed Interest	CFS FirstChoice Wholesale Personal Super - Schroder Wholesale Absolute Return Income	9
Cash		**25**
	Generic Cash	25
Total		**100**

Asset allocation breakdown



Portfolio Commentary

The Portfolio returned -0.57% for the month of September, outperforming both the relevant peer group benchmark and internal strategic asset allocation benchmark. In what proved to be a challenging month for global financial markets, all asset classes produced negative absolute returns.

Manager selection was strong through the month across the board, particularly within both fixed interest and Australian equities. Of particular note from an equity perspective was the Investors Mutual Australian Share Fund, who's focus on quality and valuation drove strong relative returns. Within fixed income all strategies performed well, outperforming their respective benchmarks, as markets grappled with rising bond yields and continued inflation concerns.

Outlook

September proved to be a challenging month for financial markets as fears of a global financial contagion spread following the news Chinese based developer Evergrande, the worlds most indebted company, was renegotiating coupon repayments on US$300b of outstanding debt. Looking forward, the outlook for global growth remains somewhat negative with the US Fed announcing it will begin tapering asset purchases by the end of the year. This coincides with an already poor environment for global growth with rising energy prices and a global supply chain gridlock, not to mention the ever present spectre of the delta Covid variant.

Domestically, equity markets followed the lead of their global peers experiencing increased volatility albeit of a low base. News of increased vaccination rates and reopening plans, whilst a positive for many individuals and businesses, did little to quell broader macro and valuation concerns, both of which continue to be front of mind. The portfolio remains well diversified across asset classes and the quality and risk-control elements embedded within sectors, provide added comfort as we manage through what we expect may be a more volatile period.

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Portfolio at a glance

Designed for

The portfolio is designed to provide investors with income and some capital growth over the medium to long term through exposure across a range of asset classes and by using several investment managers.

Investment objective

0.8% p.a. above cash

Suggested minimum investment timeframe

2 years

Investment strategy

The portfolio seeks to generate income and some capital returns with lower downside risk than the market. This is achieved by diversifying the portfolio by asset class, investment strategy, fund manager and sources of return.

Investment universe

The portfolio invests across a diversified range of Australian equities, global equities, property and infrastructure, fixed interest assets and alternative assets.

Target exposure

Growth assets	Defensive assets
20%	80%



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