

# Lonsec Active (FirstChoice Managed Account Range: Moderate) - Pension

## Portfolio performance - March 2022

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	0.77	-3.83	-2.00	3.85	-	-
Peer Group Benchmark**	0.61	-2.84	-1.04	4.52	-	-
Excess Return*	0.16	-0.99	-0.96	-0.67	-	-

\* As this is a new portfolio commencing 1 October 2021, all performance prior to this date is an estimate based on a back tested portfolio of the securities and funds held at commencement. Past performance is not a reliable indicator of future performance. Performance is calculated before taxes and is net of admin fees, investment fees and indirect costs. 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 FE UT Peer Group Multi-Asset Balanced Index.

## Market review

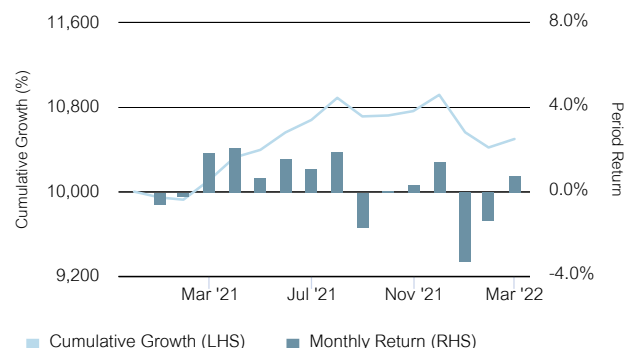
The Australian market closed out the month with the S&P/ASX 300 up 6.9% in March and all 11 sectors finishing positively. The Technology sector (11.8%) led the index and rebounded from a February selloff, with Energy (+10.1%), Materials (+9.3%), Financials (+8.5%) and Utilities (+7.6%) all performing strongly. The Energy and Materials sector continued their stellar year-to-date performances as commodity prices continued to soar.

The Australian dollar drove global markets returns in March as the MSCI World ex Australia NR Index (AUD Hedged) returned 2.9% while the MSCI World ex Australia NR Index (AUD) fell -0.9%. The Australian dollar continued to climb in the month of March closing 3.4% higher relative to the greenback and 4.9% in trade-weighted terms. Rising commodity prices were again the primary driver of AUD support over the month of March. Geopolitical uncertainty continued to be the core focus for investors as upward price pressure on energy and commodities hastens the pace of inflation across the globe.

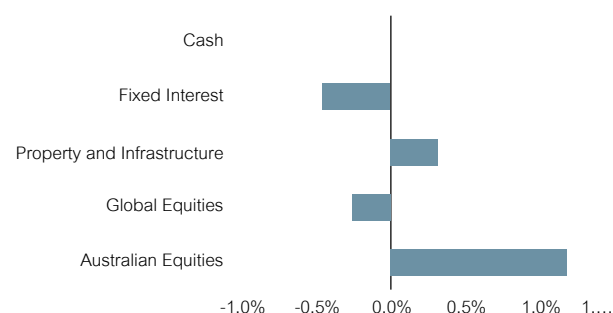
March was a positive month for both the local A-REIT market and the broader Global real estate equities market with the S&P/ASX 200 A-REIT Index (AUD) and the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged) advancing 1.3% and 4.9%, respectively. The strong monthly move in global REITs was attributable to the climb in the AUD.

March saw Fixed Income markets deliver another terrible result with the Bloomberg AusBond Composite 0+ Year Index's falling 3.8% over the month. International bond markets continued to sell off during March with the Bloomberg Barclays Global Aggregate Index (AUD Hedged) Index falling -2.1%. With inflation remaining elevated across the world, central banks have begun to raise rates, most notably, in March the US Federal Reserve issued its first-rate hike since COVID began, resulting in yields surging around the world.

## Cumulative performance (5 years)



## 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

	%
CFS FC WS Pen - Fidelity Australian Equities	0.45
FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	0.42
Colonial First State FirstChoice IML Australian Share Fund Wholesale Pension	0.31

### Bottom 3 contributors to performance

	%
CFS FC W Pen - T. Rowe Price Wholesale Global Equity	-0.18
FirstChoice WS Pens - PIMCO WS Global Bond	-0.16
CFS FC W Pen-Colchester Wholesale Global Government Bond	-0.15

### Portfolio changes

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

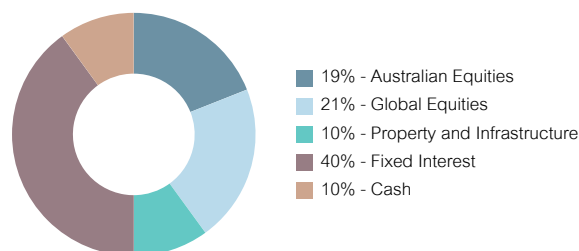
**We strongly recommend that potential investors read the product disclosure statement or investment statement.**

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### Portfolio structure

Strategy/Asset class	Fund	%
<b>Australian Equities</b>		<b>19</b>
Market Exposure	FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	6
Market Exposure	Colonial First State FirstChoice IML Australian Share Fund Wholesale Pension	7
Market Exposure	CFS FC WS Pen -Fidelity Australian Equities	6
<b>Global Equities</b>		<b>21</b>
Risk Control	FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	5
Market Exposure	CFS FirstChoice Wholesale Pension - Magellan Wholesale Global Share Hedged	5
Market Exposure	CFS FC WS Pen -MFS Global Equity	6
Alpha	CFS FC W Pen - T. Rowe Price Wholesale Global Equity	5
<b>Property and Infrastructure</b>		<b>10</b>
Listed Infrastructure	CFS FC WS Pens - First Sentier Wholesale Gbl Listed Infrastructure Securities	2
Domestic Listed Property	CFS FC WS Pens - BT WS Property Investment	6
Global Listed Property	CFS FC W Pen-AMP Capital W Global Property Securities	2
<b>Fixed Interest</b>		<b>40</b>
Global Fixed Interest	FirstChoice WS Pens - PIMCO WS Global Bond	10
Income & Capital Stability	CFS Perpetual Wholesale Diversified Income	8
Diversified Fixed Interest	CFS FirstChoice Wholesale Pension - Schroder Wholesale Absolute Return Income	5
Income & Capital Stability	CFS FC WS Pen -Macquarie Income Opportunities	9
Global Fixed Interest	CFS FC W Pen-Colchester Wholesale Global Government Bond	8
<b>Cash</b>		<b>10</b>
	Generic Cash	10
<b>Total</b>		<b>100</b>

### Asset allocation breakdown



### Portfolio Commentary

The Portfolio returned 0.77% over the month of March, outperforming the relevant peer group benchmark. The Australian Equities and Property and Infrastructure allocations contributed with the Fidelity Australian Equities Fund, First Sentier Wholesale Concentrated Australian Share Fund and IML Australian Share Fund leading performance across the portfolio. The Fixed Interest and Global Equities allocations detracted from portfolio performance in March. The T. Rowe Price Wholesale Global Equity Fund, PIMCO WS Global Bond Fund and Colchester Wholesale Global Government Bond Fund were the largest detractors to portfolio performance. The T. Rowe Price Wholesale Global Equity Fund underperformed the global equities benchmark with holdings in consumer discretionary detracting the most from relative returns, especially positions in Rivian, Coupang, and Zalando. The Fund's position in electric vehicle maker Rivian was the largest relative detractor as shares skidded after the electric vehicle manufacturer posted a wider-than-expected fourth-quarter loss and cut 2022 production numbers in half citing inflationary pressures and supply chain challenges. Inflation remained elevated in March with central banks across the world beginning to raise rates which resulted in yields surging and poor performance across the sector.

### Outlook

The global economy has arguably entered a transition period, with over a decade of accommodative monetary policy finally coming to an end. More "normal" inflationary pressures have been exacerbated by pandemic-related disruptions to supply-chains and the invasion of Ukraine, which is a key exporter of grain and various hard commodities.

From a market perspective, periods of transition are always challenging, being characterised by increased uncertainty and market volatility. Such conditions require a difficult balance between defence (focused on capital preservation) and offence (focused on growth). Our portfolios remain well-diversified, and we hold assets such as property and infrastructure within the portfolios to assist in managing risk. We continue to assess the threats of rising inflation, tightening monetary policy and potential expansion of the Russia/Ukraine conflict as new information comes to hand.

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## Portfolio at a glance

### Designed for

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

### Investment objective

2.0% p.a. above cash

### Suggested minimum investment timeframe

4 years

### Investment strategy

The portfolio seeks to generate competitive income and 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
50%	50%



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