Lonsec

Managed Portfolio Performance Update – March 2022

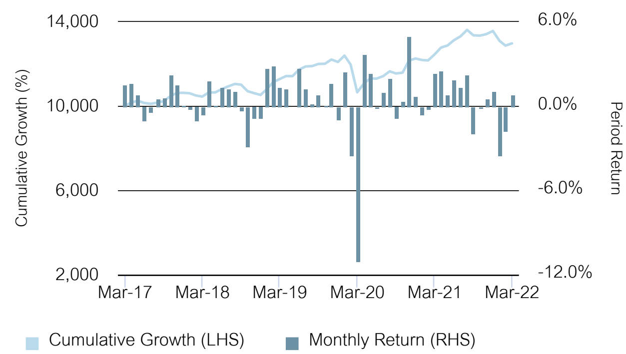
Lonsec Core Plus (FirstChoice Managed Account Range: Balanced) - Super

Portfolio performance - March 2022

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	0.83	-4.33	-2.85	4.19	4.78	5.34
Peer Group Benchmark**	0.61	-2.84	-1.04	4.52	5.50	5.39
Excess Return*	0.22	-1.49	-1.81	-0.33	-0.72	-0.05

*Performance prior to 1 December 2021 is based on a notional portfolio. 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.

Cumulative performance (5 years)



Market review

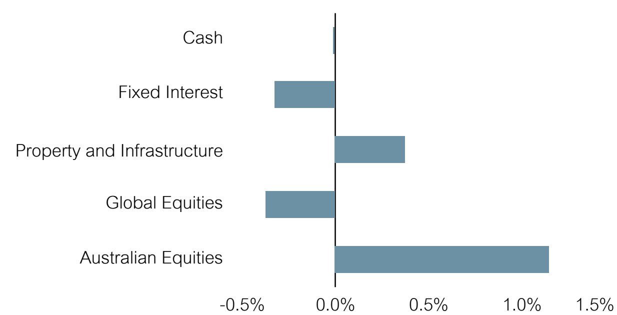
The Australian market closed out the month with the S&P/ASX 300 up 6.9% in March and all 11 sectors finishing positively. The Technology sector (11.8%) led the index and rebounded from a February selloff, with Energy (+10.1%), Materials (+9.3%), Financials (+8.5%) and Utilities (+7.6%) all performing 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 where 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.

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 First Choice Wholesale PersSuper - CFS Index Australian Share	0.68
FirstChoice Wholesale Super - First Sentier Wholesale Concentrated Australian Share	0.38
CFS FC W PSup-CFS Index Global Listed Infrastructure Securities	0.21

Bottom 3 contributors to performance	%
CFS FC W PSup - T. Rowe Price Wholesale Global Equity	-0.17
CFS FC W PSup-PIMCO Wholesale Global Bond	-0.13
FirstChoice WS Pers Super - CFS WS Index Global Share	-0.11

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

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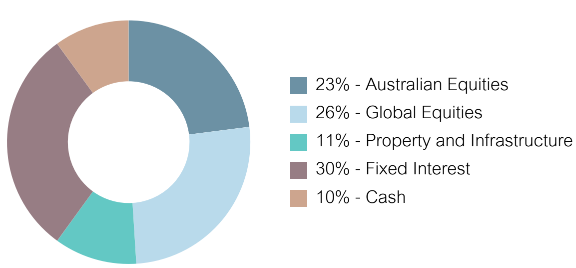
Portfolio structure

Strategy/Asset class	Fund	%
Australian Equities		**23**
Diversification & Growth	CFS FirstChoice WS Pers Super - Bennelong WS ex-20 Australian Equities	6
Market Exposure	FirstChoice Wholesale Super - First Sentier Wholesale Concentrated Australian Share	6
Market Exposure (Passive)	CFS First Choice Wholesale PersSuper - CFS Index Australian Share	11
Global Equities		**26**
Risk Control	FirstChoice WS Pers Super - Acadian WS Global Managed Volatility Equity	5
Alpha	CFS FC W PSup - T. Rowe Price Wholesale Global Equity	5
Market Exposure	CFS FirstChoice MFS Wholesale Global Equity Super	6
Market Exposure (Passive)	FirstChoice WS Pers Super - CFS WS Index Global Share	10
Property and Infrastructure		**11**
Global Listed Property	CFS FC W PSup-CFS Index Global Property Securities	2
Listed Infrastructure	CFS FC W PSup-CFS Index Global Listed Infrastructure Securities	3
Domestic Listed Property	CFS FC WS PersSuper - Pendal WS Property Investment	6
Fixed Interest		**30**
Global Fixed Interest	CFS FC W PSup-Colchester Wholesale Global Government Bond	6
Global Fixed Interest	CFS FC W PSup-PIMCO Wholesale Global Bond	9
Income & Capital Stability	CFS FirstChoice PSup Perpetual Wholesale Diversified Income	6
Income & Capital Stability	CFS FC WS Super -Macquarie Income Opportunities	6
Diversified Fixed interest	CFS FirstChoice Wholesale Personal Super - Schroder Wholesale Absolute Return Income	3
Cash		**10**
Cash	CFS FC WS PersSuper - First Sentier Wholesale Strategic Cash	10
Total		**100**

Asset allocation breakdown



Portfolio Commentary

The portfolio returned 0.83% over the month of March, outperforming the relevant peer group benchmark. The Australian Equities and Property and Infrastructure allocations contributed with the CFS Index Australian Share Fund and First Sentier Wholesale Concentrated Australian Share Fund leading performance. The Fixed Interest and Global Equities allocations detracted from portfolio performance in March. 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. The T. Rowe Price Wholesale Global Equity and CFS WS Index Global Share Fund were major detractors to portfolio performance over the month. Global equities underperformance was mainly driven by falls in the ex-US and emerging markets segments, given their higher exposure to fallout from the Russia/Ukraine conflict. However, a 2 cent appreciation of the Australian dollar during March was a further drag on unhedged returns from global holdings.

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.

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

2.4% p.a. above cash

Suggested minimum investment timeframe

5 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
60%	40%