

Lonsec Active (FirstChoice Managed Account Range: Growth) -Pension

Portfolio performance - April 2022

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	-2.25	-2.94	-5.36	0.80	5.17	6.07
Peer Group Benchmark**	-1.48	-1.32	-1.88	3.22	6.14	6.25
Excess Return*	-0.77	-1.62	-3.48	-2.42	-0.97	-0.18

*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 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 Growth Index.

Market review

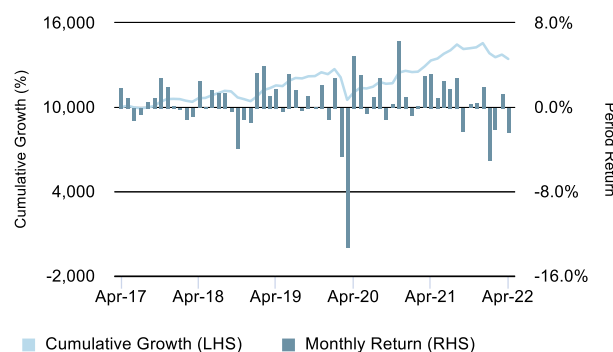
The Australian market closed the month of April with the S&P/ASX 300 down -0.8% with seven of eleven sectors finishing higher. Utilities led the index (+9.3%) to continue its strong performance, with Industrials (+3.5%) and Consumer Staples (+3.3%) all performing well. The main detractors of the Index were Technology (-10.4%) and Materials (-4.3%).

Global markets descended further over the month as 'zero-COVID' lockdowns in China added to prolonged geopolitical risk pressures in Ukraine. Developed markets fell by -3.2% by month end as measured by the MSCI World ex Australia NR Index AUD, returns in AUD were assisted by the softer AUD over the month as signified by the MSCI World Ex Australia Index (AUD Hedged) return of -7.4%. Emerging markets fared better than the previous month with the MSCI Emerging Markets NR Index AUD falling by -0.2%.

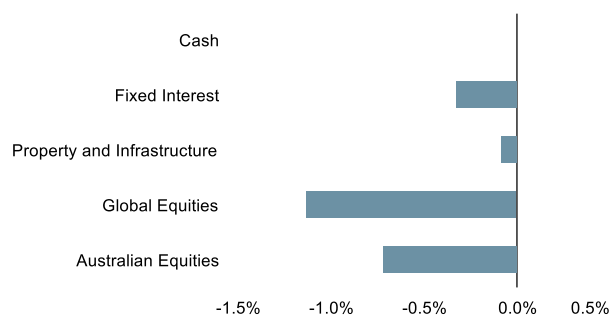
The domestic and global REIT indexes slowed during April, with the S&P/ASX 200 A-REIT Index (AUD) returning 0.6% for the month and global REIT's, represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged), retracing by -4.1%, giving back its March advances. Global REITs especially within the industrial sector, experienced a sharp selloff in late April.

Fixed interest markets have continued their downturn throughout April. Australia saw yields rise, primarily at the short end of the yield curve, as first quarter inflation of 5.1% proved higher than expected. The yield for 2-year Australian Government bonds increased by approximately 30bps over the course of April, while 10- year Australian Government bonds increased by only around 10bps. Credit spreads also continued to widen over the month, which contributed to the Bloomberg AusBond Composite 0+ Yr Index returning -1.5% over the course of April. Internationally rising yields resulted in a return of -2.9% for the Bloomberg Global Aggregate Index (AUD Hedged).

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 W Pn-Investors Mutual Wholesale Australian Share	0.13
CFS FC W Pen-Pendal Wholesale Property Investment	0.06
FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	0.04

Bottom 3 contributors to performance %

CFS FC W Pn-T.Rowe Price Wholesale Global Equity	-0.53
CFS FirstChoice Wholesale Pension - Magellan Wholesale Global Share Hedged	-0.45
CFS First Sentier Wholesale Concentrated Australian Share	-0.39

Portfolio changes %

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

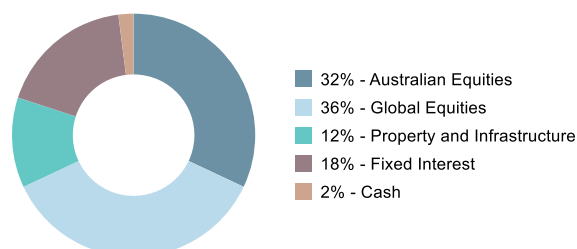
We strongly recommend that potential investors read the product disclosure statement or investment statement.

Lonsec Investment Solutions Pty Ltd • ACN 608 837 583 • A Corporate Authorised Representative (CAR 1236821) of Lonsec Research Pty Ltd
 • ABN 11 151 658 561 • AFSL 421 445 • This information must be read in conjunction with the Warning, Disclaimer, and disclosure at the end of this document.
 This report supersedes all prior reports.

Portfolio structure

Strategy/Asset class	Fund	%
Australian Equities		32
Market Exposure	Colonial First State FirstChoice IML Australian Share Fund Wholesale Pension	8
Market Exposure	CFS FC WS Pen -Fidelity Australian Equities	7
Market Exposure	FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	7
Diversification & Growth	CFS FirstChoice WS Pension - Bennelong WS ex-20 Australian Equities	4
Diversification & Growth	CFS FC W Pen - First Sentier Wholesale Australian Small Companies	6
Global Equities		36
Market Exposure	CFS FC WS Pen -MFS Global Equity	10
Risk Control	FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	9
Market Exposure	CFS FirstChoice Wholesale Pension - Magellan Wholesale Global Share Hedged	9
Alpha	CFS FC W Pen - T. Rowe Price Wholesale Global Equity	8
Property and Infrastructure		12
Domestic Listed Property	CFS FC WS Pens - BT WS Property Investment	7
Global Listed Property	CFS FC W Pen-AMP Capital W Global Property Securities	2
Listed Infrastructure	CFS FC WS Pens - First Sentier Wholesale Gbl Listed Infrastructure Securities	3
Fixed Interest		18
Global Fixed Interest	FirstChoice WS Pens - PIMCO WS Global Bond	5
Income & Capital Stability	CFS FC WS Pen -Macquarie Income Opportunities	4
Income & Capital Stability	CFS Perpetual Wholesale Diversified Income	4
Global Fixed Interest	CFS FC W Pen-Colchester Wholesale Global Government Bond	5
Cash		2
	Generic Cash	2
Total		100

Asset allocation breakdown



Portfolio Commentary

The Portfolio returned -2.25% over the month of April, underperforming the relevant peer group benchmark. The Australian Equities, Global Equities and Fixed Interest allocations all detracted from portfolio performance over the month as market volatility prevailed. The major detractors to portfolio performance during the market sell off in April were the CFS First Sentier Wholesale Concentrated Australian Share Fund; the CFS First Choice Wholesale Pension T. Rowe Price Wholesale Global Equity Fund and the CFS First Choice Wholesale Pension Magellan Wholesale Global Share Hedged Fund.

In contrast the main contributors to performance were the CFS First Choice IML Australian Share Fund Wholesale Pension; CFS First Choice Wholesale Pension; Pandal Wholesale Property Investment Fund and the First Choice Wholesale Pension Acadian Wholesale Global Managed Volatility Equity Fund.

Outlook

We expect capital markets to remain volatile, with geopolitical events, persistent inflation and now growth concerns causing large shifts in sentiment in both equity and bond markets.

In early May, the RBA lifted Australian cash rates for the first time since 2010, and the board's commentary noted that the pickup of inflation had exceeded its own expectations. That even central banks can be surprised by macroeconomic developments is a stark reminder that investors should not aim to "predict the future", but rather remain well-diversified and prepared for a range of possible conditions. This in turn requires a difficult balance between defence (focused on capital preservation) and offence (focused on growth to keep ahead of inflation).

We have retained an overweight position in real assets and to a lesser extent, Australian equities, which offer some growth potential and better defence in an inflationary environment than longer duration markets such as the US. We remain underweight fixed income. With bond yields now around 3% in the US and 3.5% domestically, bonds are looking more attractive from a valuation perspective. However, with more rate rises expected we are maintaining our patience for now.

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

Lonsec Investment Solutions Pty Ltd • ACN 608 837 583 • A Corporate Authorised Representative (CAR 1236821) of Lonsec Research Pty Ltd
 • ABN 11 151 658 561 • AFSL 421 445 • This information must be read in conjunction with the Warning, Disclaimer, and disclosure at the end of this document.
 This report supersedes all prior reports.

Portfolio at a glance

Designed for

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

Investment objective

3.2% p.a. above cash

Suggested minimum investment timeframe

6 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
80%	20%



IMPORTANT NOTICE: This document is published by Lonsec Investment Solutions Pty Ltd ACN 608 837 583, a Corporate Authorised Representative (CAR 1236821) (LIS) of Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). LIS creates the model portfolios it distributes using the investment research provided by Lonsec Research but LIS has not had any involvement in the investment research process for Lonsec Research. LIS and Lonsec Research are owned by Lonsec Holdings Pty Ltd ACN: 151 235 406. Please read the following before making any investment decision about any financial product mentioned in this document.

Disclosure at the date of publication: Lonsec Research receives a fee from the relevant fund manager or product issuer(s) for researching financial products (using objective criteria) which may be referred to in this document. Lonsec Research may also receive a fee from the fund manager or product issuer(s) for subscribing to research content and other Lonsec Research services. LIS receives a fee for providing the model portfolios to financial services organisations and professionals. LIS' and Lonsec Research's fees are not linked to the financial product rating(s) outcome or the inclusion of the financial product(s) in model portfolios. LIS and Lonsec Research and their representatives and/or their associates may hold any financial product(s) referred to in this document, but details of these holdings are not known to the Lonsec Research analyst(s).

Warnings: Past performance is not a reliable indicator of future performance. Returns are prepared and reported using model asset allocations, actual returns may vary depending on platform fees or allocations, and individual holdings. Any express or implied rating or advice presented in this document is limited to general advice and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ("financial circumstances") of any particular person. Before making an investment decision based on the rating or advice, the reader must consider whether it is personally appropriate in light of his or her financial circumstances or should seek independent financial advice on its appropriateness. If the financial advice relates to the acquisition or possible acquisition of a particular financial product, the reader should obtain and consider the Investment Statement or the Product Disclosure Statement for each financial product before making any decision about whether to acquire the financial product.

Disclaimer: LIS provides this document for the exclusive use of its clients. It is not intended for use by a retail client or a member of the public and should not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information not verified by LIS. The information contained in this document is current as at the date of publication. Financial conclusions, ratings and advice are reasonably held at the time of publication but subject to change without notice. LIS assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, LIS and Lonsec Research, their directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it.

Copyright © 2022 Lonsec Investment Solutions Pty Ltd ACN: 608 837 583 (LIS). This report may also contain third party supplied material that is subject to copyright. The same restrictions that apply to LIS copyrighted material, apply to such third party content.