

# Lonsec Active (FirstChoice Managed Account Range: Growth) - Super

## Portfolio performance - April 2022

|                         | 1 mth<br>(%) | 3 mth<br>(%) | 6 mth<br>(%) | 1 yr<br>(% pa) | 3 yr<br>(% pa) | 5 yr<br>(% pa) |
|-------------------------|--------------|--------------|--------------|----------------|----------------|----------------|
| Portfolio Total Return* | -1.99        | -2.63        | -4.79        | 1.36           | 5.36           | 6.19           |
| Peer Group Benchmark**  | -1.48        | -1.32        | -1.88        | 3.22           | 6.14           | 6.25           |
| Excess Return*          | -0.51        | -1.31        | -2.91        | -1.86          | -0.78          | -0.06          |

\*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

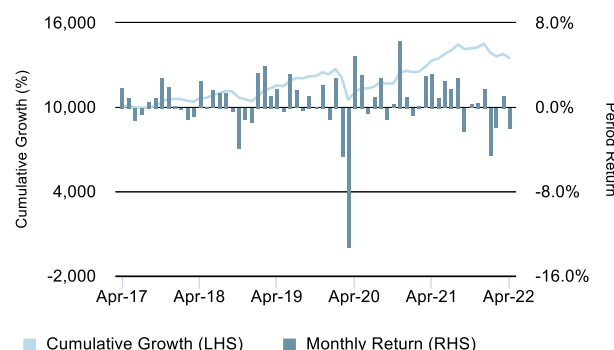
The Australian market closed the month of April with the S&P/ASX 300 down -0.8% with seven of eleven sectors finishing higher. Utilities led the index (+9.3%) to continue its strong performance, with Industrials (+3.5%) and Consumer Staples (+3.3%) all performing well. The main detractors of the Index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

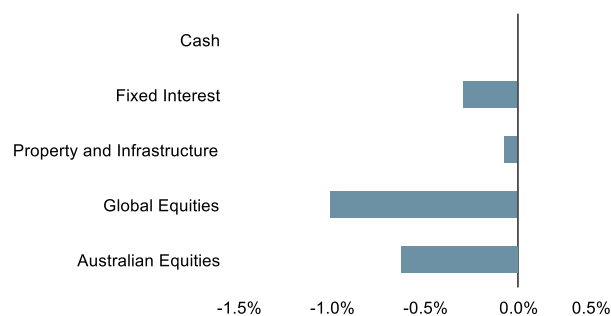
The domestic and global REIT indexes slowed during April, with the S&P/ASX 200 A-REIT Index (AUD) returning 0.6% for the month and global REIT's, represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged), retracing by -4.1%, giving back its March advances. Global REITs especially 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 FirstChoice Investors Mutual Wholesale Australian Share PersSuper   | 0.12 |
| CFS FC W Psup-Pendal Wholesale Property Investment                      | 0.06 |
| FirstChoice WS Pers Super - Acadian WS Global Managed Volatility Equity | 0.04 |

### Bottom 3 contributors to performance

|   | %     |
|---|-------|
| CFS FC W PSup-T.Rowe Price Wholesale Global Equity                                | -0.47 |
| CFS FirstChoice Wholesale Personal Super - Magellan Wholesale Global Share Hedged | -0.40 |
| CFS FC W PSup-Colonial First State Wholesale Concentrated Australian Share        | -0.34 |

### Portfolio changes

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

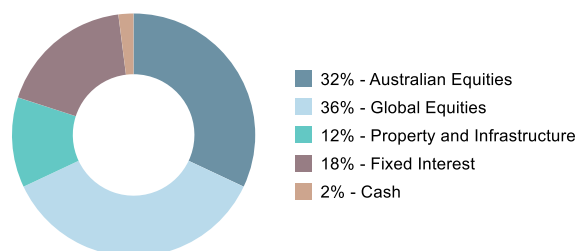
**We strongly recommend that potential investors read the product disclosure statement or investment statement.**

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### Portfolio structure

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

### Asset allocation breakdown



### Portfolio Commentary

The Portfolio returned -1.99% 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 Choice Wholesale Personal Super CFS Wholesale Concentrated Australian Share Fund; the CFS First Choice Wholesale Personal Super T. Rowe Price Wholesale Global Equity Fund and the CFS First Choice Wholesale Personal Super Magellan Wholesale Global Share Hedged Fund.

In contrast the main contributors to performance were the CFS First Choice IML Wholesale Australian Share Personal Super Fund; CFS First Choice Wholesale Personal Super Pendal Wholesale Property Investment Fund and the First Choice Wholesale Personal Super 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.

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## 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%              |



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