

Lonsec Core Plus (FirstChoice Managed Account Range: High Growth) - Pension

Portfolio performance - April 2022

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	-2.92	-4.19	-7.94	-0.56	5.39	6.60
Peer Group Benchmark**	-1.92	-1.42	-2.38	3.97	7.38	7.35
Excess Return*	-1.00	-2.77	-5.56	-4.53	-1.99	-0.75

*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 Aggressive Index.

Market review

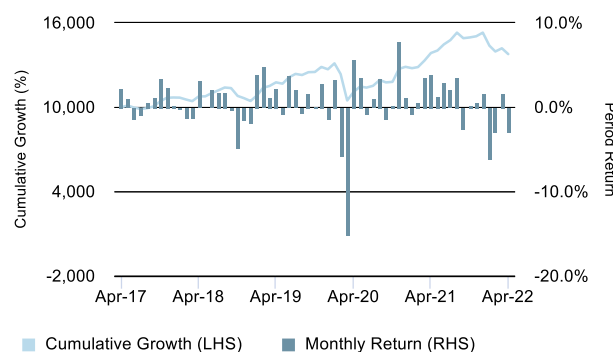
The Australian market closed the month of April with the S&P/ASX 300 down -0.8% with seven of eleven sectors finishing higher. Utilities led the index (+9.3%) to continue its strong performance, with Industrials (+3.5%) and Consumer Staples (+3.3%) all performing well. The main detractors of the Index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

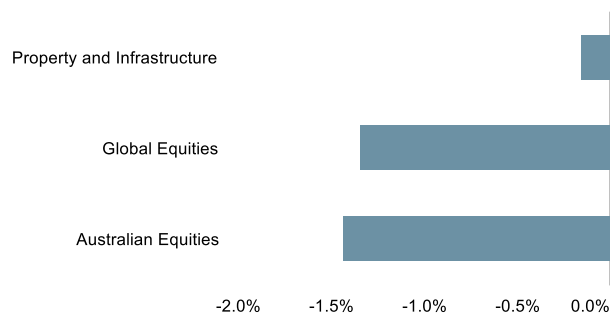
The domestic and global REIT indexes slowed during April, with the S&P/ASX 200 A-REIT Index (AUD) returning 0.6% for the month and global REIT's, represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged), retracing by -4.1%, giving back its March advances. Global REITs especially 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 Pen-Pendal Wholesale Property Investment	0.06
FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	0.04
Colonial First State Wholesale Index Global Property Securities	-0.09

Bottom 3 contributors to performance

	%
CFS FC W Pen - T. Rowe Price Wholesale Global Equity	-0.79
CFS First Sentier Wholesale Concentrated Australian Share	-0.56
CFS FirstChoice WS Pension - Bennelong WS ex-20 Australian Equities	-0.55

Portfolio changes

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

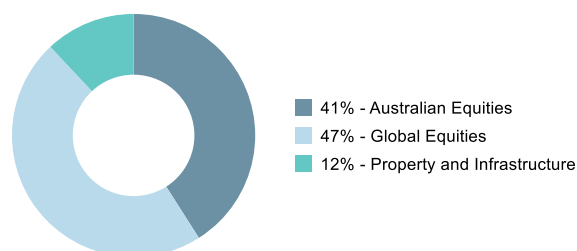
We strongly recommend that potential investors read the product disclosure statement or investment statement.

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Portfolio structure

Strategy/Asset class	Fund	%
Australian Equities		41
Diversification & Growth	CFS FirstChoice WS Pension - Bennelong WS ex-20 Australian Equities	10
Diversification & Growth	CFS FC W Pen - First Sentier Wholesale Australian Small Companies	9
Market Exposure	CFS First Sentier Wholesale Concentrated Australian Share	10
Market Exposure (Passive)	CFS First Choice Wholesale Pension - CFS Wholesale Index Australian Share	12
Global Equities		47
Risk Control	FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	10
Alpha	CFS FC W Pen - T. Rowe Price Wholesale Global Equity	12
Market Exposure	CFS FC WS Pen -MFS Global Equity	13
Market Exposure (Passive)	FirstChoice WS Pens - CFS WS Index Global Share	12
Property and Infrastructure		12
Global Listed Property	Colonial First State Wholesale Index Global Property Securities	2
Listed Infrastructure	CFS FC Wholesale Pension Index Global Listed Infrastructure Securities Fund	3
Domestic Listed Property	CFS FC W Pen-Pendal Wholesale Property Investment	7
Total		100

Asset allocation breakdown



Portfolio Commentary

The Portfolio returned -2.92% over the month of April, underperforming the relevant peer group benchmark. The Australian Equities and Global Equities allocations both 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 Bennelong Wholesale ex-20 Australian Equities Fund.

In contrast the main contributors to performance were the CFS First Choice Wholesale Pension Pendal 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.

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Portfolio at a glance

Designed for

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

Investment objective

4.0% p.a. above cash

Suggested minimum investment timeframe

7 years

Investment strategy

The portfolio invests predominantly in growth assets, which may include Australian and global equities as well as property and infrastructure. The portfolio is designed to reduce overall portfolio risk by spreading investments across a number of specialist managers with complementary investment management styles.

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
100%	0%

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