

# Lonsec Listed Managed Portfolios - Conservative

## Portfolio performance - November 2023

|                         | 1 mth<br>(%) | 3 mth<br>(%) | 1 yr<br>(% pa) | 3 yr<br>(% pa) | 5 yr<br>(% pa) | S.I.<br>(% pa) |
|-------------------------|--------------|--------------|----------------|----------------|----------------|----------------|
| Portfolio Total Return* | 3.19         | -0.47        | 3.14           | 2.42           | 4.77           | 5.68           |
| Peer Group Benchmark**  | 2.77         | -0.26        | 2.46           | 0.98           | 2.75           | 3.72           |
| Excess Return           | 0.42         | -0.21        | 0.68           | 1.44           | 2.02           | 1.96           |

Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and are net of underlying investment management fees. 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. \*Performance prior to 1 December 2021 is based on a notional portfolio. \*\*Peer Group Benchmark is based on the FE UT Peer Group Multi-Asset Indices.

## Market review

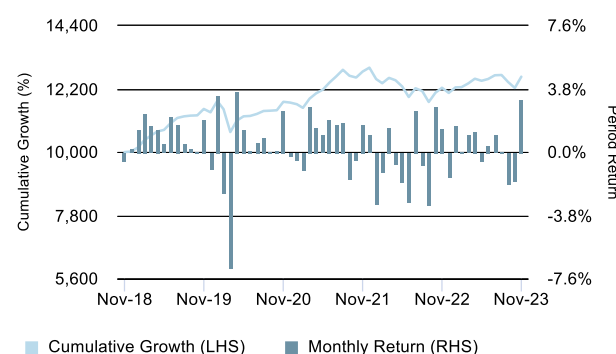
The Australian share market rebounded strongly in November, up 5% after a series of negative months. All sectors apart from Energy (-7%), Utilities (-6%) and Consumer Staples (-1%) posted positive returns. The best performing sectors for the month were Health Care (+12%), Real Estate (+11%) and Information Technology (+7%).

Global equity markets rallied strongly in November (in local currency terms), with the US climbing 9%, and European indices gaining between 2% and 10%. The Japanese Nikkei also rose, returning 9% for the month. The MSCI World ex Australia benchmark gained 5% in AUD terms, as the currency strengthened by 4% against the US dollar.

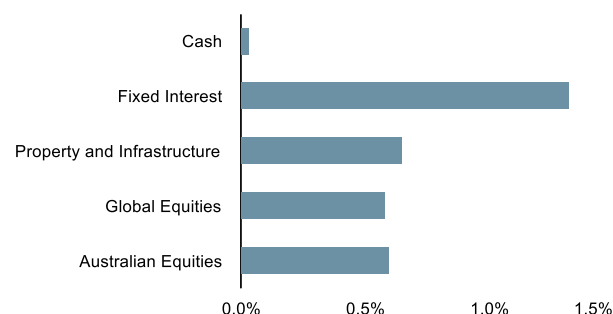
Listed real estate and infrastructure benefited from easing fears over inflation and further rate hikes, outperforming broader equity markets in November, after underperforming for much of 2023. Within REITs, the S&P/ASX 200 A-REIT Accumulation Index and the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged) returned 11% and 9%, respectively over the month. The Global Infrastructure sector (as represented by the FTSE Global Core Infrastructure 50/50 Index (AUD Hedged)) finished 6% higher for November.

The RBA increased the cash rate to 4.35% in November, however weakening economic data and indications from the US Fed that rate hikes may be on hold pulled local yields lower. 10-year yields fell 56bps for the month, ending November at 4.36%. US bond yields ended November lower, down 60bps to 4.33%. This represented a significant fall from the 5% levels seen in October, and reflected the rapid change in sentiment around the timing and direction of the Fed's rate moves, and the possibility of multiple rate cuts in 2024. The domestic and global fixed interest indices rose over the month, but underperformed equity markets, with the Bloomberg AusBond Composite 0+ Years Index gaining 3.0% and the Bloomberg Global Aggregate Index (AUD Hedged) rising 3.2%.

## 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

|  | %    |
|--|------|
| Vanguard International Fixed Interest Index ETF (Hedged)     | 0.62 |
| Lonsec SMA - Core  | 0.59 |
| Betashares Western Asset Australian Bond Fund (Managed Fund) | 0.34 |

### Bottom 3 contributors to performance

|   | %     |
|---|-------|
| ActiveX Ardea Real Outcome Bond Fund (Managed Fund) | -0.01 |
| Generic Cash  | 0.01  |
| VanEck Australian Resources ETF                     | 0.01  |

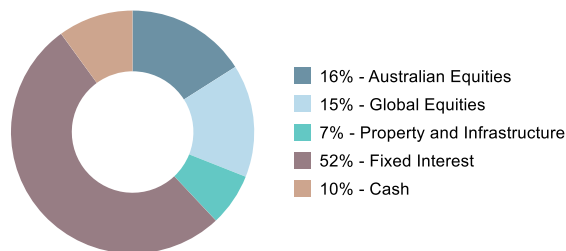
### Portfolio changes

|  | %     |
|--|-------|
| Betashares Global Shares Currency Hedged ETF   | 3.5%  |
| Barrow Hanley Global Share Fund (Managed Fund) | 1.5%  |
| VanEck MSCI International Quality ETF          | 1%    |
| iShares Edge MSCI World Minimum Volatility ETF | 0.5%  |
| Vanguard MSCI Index International Shares ETF   | -6.5% |

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

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## Asset allocation breakdown



## Portfolio Commentary

The portfolio gained 3.2% in November, outperforming the peer group benchmark by 42bps. All the major asset classes generated positive returns for the month, as cooling inflation data and indications from central bankers across the world that the rate hike cycle is complete fuelled a rally in both growth and defensive assets. Rolling year portfolio returns have turned positive and are 68bps ahead of the peer group benchmark. Longer term returns remain well above the portfolio's cash plus benchmark.

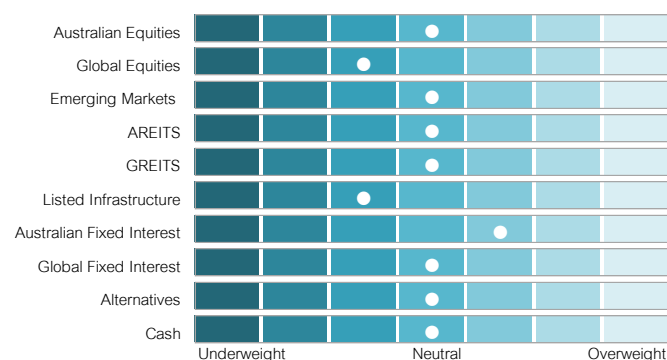
The portfolio's developed markets equities allocation generated mixed returns against the benchmark for November, with the strongest returns coming from the recently added Betashares Global Shares Currency Hedged ETF (+8.5%), which outperformed the unhedged benchmark as the AUD strengthened. The defensive allocation to the iShares Edge MSCI World Minimum Volatility ETF (+1.0%), and value-oriented Barrow Hanley Global Share Fund (+1.7%) underperformed the index.

The portfolio's Listed property exposures (VAP and RCAP) rallied strongly during November, returning 10.8% and 8.9% respectively over the month, while IFRA returned 7.4%. However, the overall portfolio allocation to real assets remains a key detractor to performance over the rolling year. The GOLD ETF (-2.1%) fell as gold prices declined during the month, but remains up 17% for the past 12 months.

In Australian equities, the overall allocation underperformed the benchmark. This was primarily driven by the portfolio's exposure to Santos, which fell due to weakening oil prices. Key contributors for the month were CSL, which reiterated positive earnings growth and R&D initiatives during the month and Resmed. MVR (+0.5%) underperformed the broader market for the month.

The portfolio's fixed income allocations were mixed against the benchmark, as the shorter duration exposures underperformed in a month when yields fell sharply, benefiting funds with duration exposure. All funds posted positive absolute returns for the month, with the top performer being the Betashares Western Asset Australian Bond Fund ETF (+3%).

## Dynamic Asset Allocation Positioning



## Outlook

We believe that macroeconomic conditions continue to decelerate, consistent with our ongoing thesis that we have entered the end of this cycle. However, beyond just trying to identify the point where we will begin to shift our portfolios into more of a defensive posture, we note that the cycle is impacting different groups, regions and even stocks, differently. Without a consensus or majority of factors moving negatively and few signs that this "muddle through" situation breaks into a definitive trend, we continue to hold a cautious but not bearish stance on markets.

During the month we made changes to the portfolios' currency hedging positioning within global equities. Refer to the relevant portfolio change reports for further details.

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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 term through exposure across a range of asset classes by investing in listed securities.

### Investment objective

1.6% p.a. above cash

### Suggested minimum investment timeframe

4 years

### Investment strategy

The portfolio invests in a mix of income and growth assets, which may include Australian and global equities, property and infrastructure, fixed interest and income securities, alternative assets and cash.

### Investment universe

The portfolio invests across a diversified range of Australian equities, global equities, property and infrastructure, fixed interest assets alternative assets.

The portfolio can access such exposure through Australian Listed Securities including Exchange Traded Funds (ETFs), Exchange Traded Products (ETPs) such as Listed Investment Companies (LICs) and Listed Investment Trusts (LITs), Exchange Traded Bonds (XTBs) and Exchange Traded Hybrids, Separately Managed Accounts (SMAs) and cash.

### Target exposure

| Growth assets | Defensive assets |
|---------------|------------------|
| 40%           | 60%              |



### Platform availability

HUB24  
Netwealth  
Macquarie Wrap  
BT Panorama  
AMP North

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