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Lonsec Retirement Managed Portfolios - Conservative

Portfolio performance - November 2023

	1 mth (%)	3 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)	S.I. (% pa)
Portfolio Total Return*	2.73	-0.08	3.75	2.99	3.91	5.51
Peer Group Benchmark**	2.77	-0.26	2.46	0.98	2.75	3.97
Excess Return	-0.04	0.18	1.29	2.01	1.16	1.54
Portfolio Income Return	0.05	0.95	3.96	4.04	4.22	4.40
Excess Above Income Objective			-0.04	0.04	0.22	0.40

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 June 2013 is based on a notional portfolio. **Peer Group Benchmark is based on the FE UT Peer Group Multi-Asset Indices. Inception date June 2013

Market review

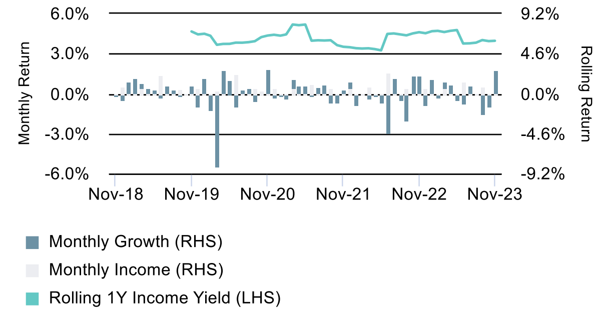
The Australian sharemarket rebounded in November finishing the month 5.1% higher. Leading the market upward were Health Care (11.7%) and Real Estate (11.0%). Most sectors finished the month positive, with the exception of Consumer Staples, Energy and Utilities. Markets were supported by indications of inflation slowing at a decent pace and interest rate potentially peaking, finishing the month with the strongest return for the index since January. Energy stocks were hit by the significant drop in oil prices over the month, partly due to the Chinese economy continuing to struggles.

Global equity markets gained in November, rebounding from October lows. Developed markets outperformed emerging market counterparts returning 4.4% (MSCI World Ex-Australia Index (AUD)) versus a 3.1% return according to the MSCI Emerging Markets Index (AUD). US markets also gained. The S&P500 finished up 9.1% and the Nasdaq up 10.8% as the Federal Reserve showed signs of ending rate hikes.

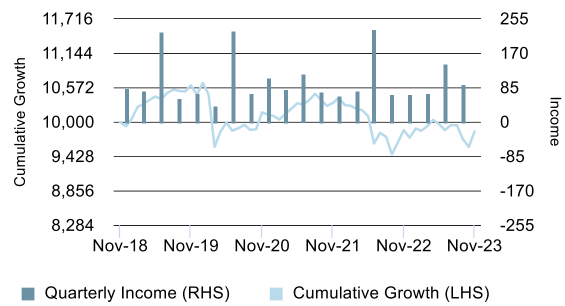
The S&P/ASX 200 A-REIT Accumulation index advanced during November, with the index finishing the month 11.0% higher. Global real estate equities (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)) also finished strongly, advancing 9.0% for the month. The Global Infrastructure sector (as represented by the FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged)) finished 6.4% higher.

After four months of rate hike respite, the RBA lifted the official cash rate by 25 basis points to 4.35% following latest inflation data and economic indicators. Over the course of the month, bond yields fell steadily with Australian 2- and 10- Year Bond yields falling by 35bps and 52bps respectively. The Australian bond market, as measured by the Bloomberg AusBond Composite 0+ Yr Index, rose 2.97%. November brought a large recovery in global bond markets as well, with the Bloomberg Global Aggregate Index (AUD) returning 3.2% over October.

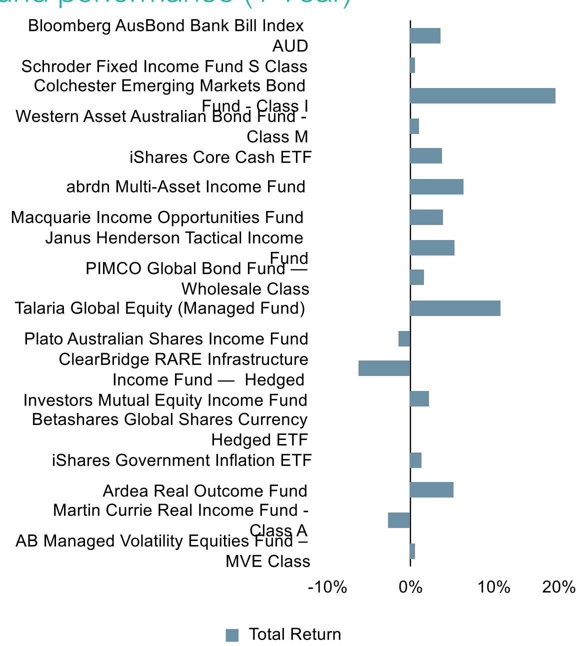
Income/growth breakdown (5 years)



Cumulative performance



Fund performance (1 Year)



Portfolio Commentary

The portfolio returned 2.73% in the month of November, slightly underperforming the peer group benchmark. The 12-month performance remains above the peer group benchmark, with the embedded risk control in the portfolio protecting retirees from the worst of the market volatility throughout the year. The structural overweight to Australian equities (to capture the benefits of franking credits) added to returns, as the asset class ended the month 5.1% higher and outperformed global equities.

Manager selection detracted from relative returns for the month as strong performance within alternatives was offset by weaker performance in domestic and global equities. The embedded defensive exposures in our Australian equity allocations detracted in an environment where the market rebounded strongly and more growth-oriented strategies performed well.

The recently added Betashares Global Shares Currency Hedged ETF was the top contributor, up 8.5% for the month on the back of a strengthening AUD, outperforming the unhedged benchmark. Offsetting this was the Talaria Global Equity Fund, which was affected by Alibaba's cancellation of its IPO during November. On the Australian equities side, the AB Managed Volatility Fund underperformed for the month on the back of its Healthcare and Financials exposures. The IML Equity Income Fund also underperformed, driven by its holding in Tabcorp which fell 7.1%. Within real assets, the Clearbridge RARE Infrastructure Income Fund underperformed its benchmark, as did the Martin Currie Real Income Fund.

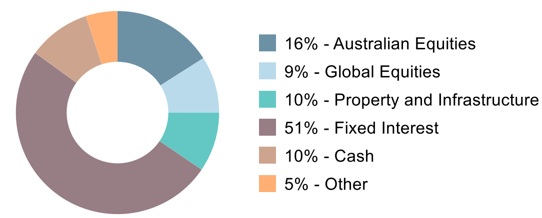
The fixed income managers were mixed against their benchmarks, led by the Western Asset Australian Bond Fund and Schroder Fixed Income Fund. The Janus Henderson Tactical Income Fund underperformed for the month, after a period of strong performance while yields rose.

The alternatives exposures within the portfolio added to returns over the month. The top contributor was the abrdn Multi-Asset Income Fund, followed by the ILB ETF and Colchester Emerging Markets Bond Fund.

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.

Asset allocation breakdown



Portfolio changes	%
Betashares Global Shares Currency Hedged ETF	2%
Talaria Global Equity (Managed Fund)	-2%

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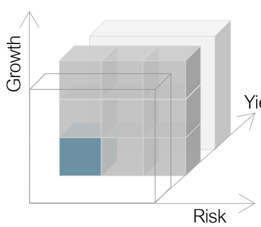
Portfolio at a glance

The Retirement Managed Portfolios are objectives-based portfolios focused on delivering a sustainable level of income in retirement, as well as generating capital growth. These portfolios have been constructed to provide advisers flexibility in terms of meeting retirees' income and capital objectives, which will vary depending on individual circumstances and lifestyle goals.

Designed for

The portfolio is designed for investors focused on income and some capital growth, with a focus on managing for risks such as market and inflation risk.

Retirement Portfolio Conservative



- Consistent income
- Some growth
- Focus on capital stability

Portfolio income objective

4.0% p.a.

Suggested minimum investment timeframe

3 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 portfolios by asset class, investment strategy, fund managers and sources of return.

The objectives-based nature of the portfolios means that they have a greater focus on absolute rather than relative performance. They are designed to reduce risks that are particularly relevant to retirees, such as capital drawdown risk, which can materially impact the longevity of a retirement portfolio, particularly in the early stages of transitioning from superannuation to pension phase of investing.

Investment universe

The portfolio invests across a diversified range of Australian equities, global equities, property and infrastructure, and fixed interest assets. The portfolios may also invest in alternative assets. The portfolios can invest in managed funds, listed securities, managed portfolios, Exchange Traded Funds (ETFs) and cash.

Target exposure

Growth assets	Defensive assets
40%	60%

Platform availability

AMP MyNorth
BT Panorama
HUB24
Macquarie Wrap
Netwealth