

# Lonsec Multi-Asset Managed Portfolios - Balanced

## Portfolio performance - December 2023

	1 mth (%)	3 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)	S.I. (% pa)
Portfolio Total Return*	3.04	5.16	9.82	5.04	6.04	6.01
Peer Group Benchmark**	3.29	5.05	8.83	3.76	5.44	5.08
Excess Return	-0.25	0.11	0.99	1.28	0.60	0.93

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 2005 is based on a notional portfolio. \*\*Peer Group Benchmark is based on the FE UT Peer Group Multi-Asset Indices.

## Market review

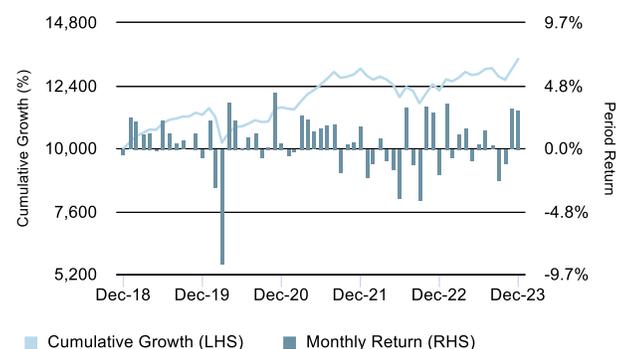
The Australian market had a strong month in December, finishing 7.2% higher with all 11 sectors posting positive returns. Investors also see potential for rate cuts from central banks in 2024, and these factors contributed to the monthly return. Leading the market higher were Property (11.5%), Healthcare (9.8%) and Materials (8.8%), while Energy and, Utilities were laggards.

Global equity markets rallied into the end of the year on easing inflation data. Developed markets continued to outperform emerging markets returning 1.8% (MSCI World Ex-Australia Index (AUD)) versus a 1.0% return according to the MSCI Emerging Markets Index (AUD).

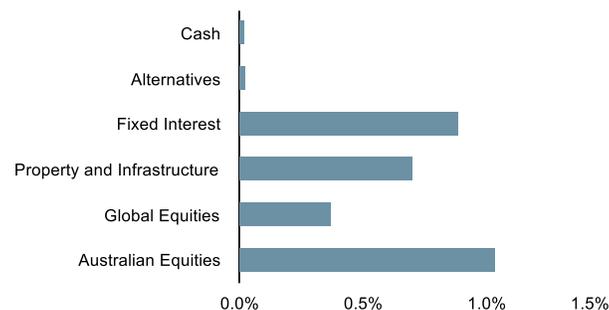
The S&P/ASX 300 A-REIT Accumulation index finished the year strongly during December, with the index finishing 11.4% higher. Global real estate equities (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)) also performed well, advancing 8.3% for the month. The Global Infrastructure sector (as represented by the FTSE Global Core Infrastructure 50/50 Index (AUD Hedged)) finished 3.3% higher for the month.

The RBA kept the cash rate on hold at 4.35% in its final meeting of 2023, although remained less dovish about rate cuts in 2024 compared to other central banks. The Australian 2-Year Bond yield edged down by 40bps, while the 10-Year yield fell by 45bps as investors digested the mixed signals of a steady cash rate against potential inflation concerns. The Bloomberg AusBond Composite 0+ Yr Index benefited in December returning a robust 2.7% and 5.1% over calendar year. In the global bond markets, most developed government bond yields were swept up in the dovish Fed Governors speech and the surprise reveal of three rate cuts in the second half of 2024. As a result, the Bloomberg Global Aggregate TR Index (AUD Hedged) returned 3.0% and for the year to December, the bond index was up 5.3%.

## 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

	%
Fidelity Australian Equities Fund	0.34
Zurich Investments Australian Property Securities Fund	0.33
Perpetual Share Plus Long-Short Fund - Class S Units	0.28

### Bottom 3 contributors to performance

	%
Global X Physical Gold	-0.08
Janus Henderson Global Multi-Strategy Institutional AUD	-0.02
iShares Core Cash ETF	0.01

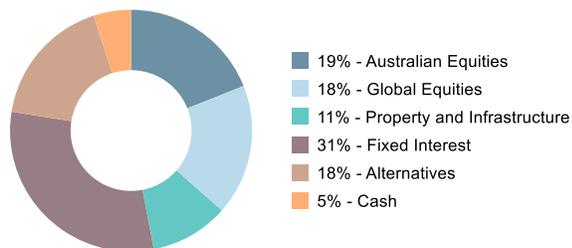
### Portfolio changes

	%
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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### Asset allocation breakdown



### Portfolio Commentary

Over the 12 months to December, the portfolio delivered solid absolute returns of 9.82% and outperformed the peer group benchmark by 0.99% in a challenging market environment where inflation and concerns over a ‘higher for longer’ interest rate environment quickly pivoted to a ‘risk on’ rally over the December quarter.

For the month of December itself, the portfolio returned 3.04%, underperforming the peer group benchmark. Dynamic asset allocation (DAA) was neutral for the month, as the slightly underweight positions in global equities and global listed infrastructure were matched by the slight overweight to Australian fixed income, in a month where growth assets rallied strongly.

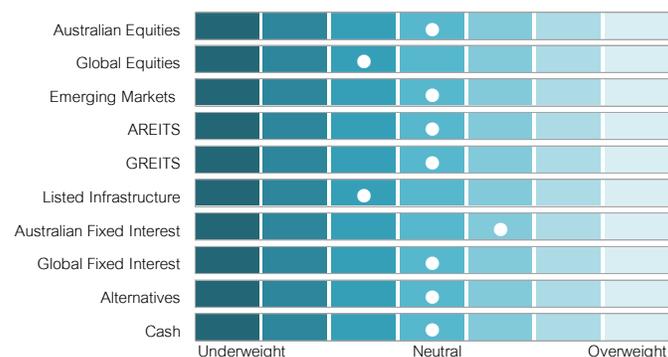
Manager selection marginally detracted for the month, primarily due to domestic equities and global listed property, mitigated by stronger relative returns in fixed income, infrastructure and selected global equity managers.

At a fund level, the top contributor to relative returns was the Betashares Global Shares Currency Hedged ETF, which was up 4.2% for the month on the back of a strengthening AUD, outperforming the unhedged benchmark. Other strong contributors included the Bennelong ex-20 Australian Equities Fund, which benefited from overweights to Carsales.com, James Hardie and REA, and the ATLAS Infrastructure Australian Feeder Fund.

The portfolio’s exposure to the Schroder Fixed Income Fund was the top relative performer in fixed interest, driven by a long duration position and overweight allocation to credit spreads, primarily in Australia.

In terms of detractors, the AB Managed Volatility Fund underperformed for the month on the back of its Materials and Financials exposures. Within global equities, the Antipodes Global Fund was the top detractor while the Macquarie Income Opportunities Fund underperformed within fixed income. Resolution also underperformed the global listed property benchmark. The GOLD ETF (-1.7%) fell as gold prices declined during the month, but remains up 12% for the past 12 months

### Dynamic Asset Allocation Positioning



### Outlook

We believe that a soft landing is decidedly more optimistic at this point of the cycle, and we are reflecting this in our portfolios. We agree with the market that central banks are likely to ease their monetary policies, but not at the rates currently shown by market pricing. Persistent inflation will temper central bank actions. Unless there is any unexpected inflation surprise, policy rates have probably peaked in most developed markets.

On the horizon, keep an eye on the Australian dollar as it has recently weakened again, observe any policy changes from the Chinese government to inject more meaningful stimulus into its economy, a change in the scope and magnitude of fighting in the Ukraine and Israel, and developments in the US presidential primaries.

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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 to long term through exposure across a range of asset classes and by using several investment managers.

### Investment objective

2.4% p.a. above cash

### Suggested minimum investment timeframe

5 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. The portfolio can invest in managed funds, Exchange Traded Funds (ETFs) and cash.

### Target exposure

Growth assets	Defensive assets
60%	40%



### Platform availability

BT Panorama  
HUB24  
Macquarie Wrap  
Netwealth

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