

Lonsec Multi-Asset Managed Portfolios - High Growth

Portfolio performance - December 2023

	1 mth (%)	3 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)	S.I. (% pa)
Portfolio Total Return*	2.92	4.87	11.89	6.83	7.26	6.71
Peer Group Benchmark**	3.91	5.98	13.00	6.85	8.53	6.17
Excess Return	-0.99	-1.11	-1.11	-0.02	-1.27	0.54

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

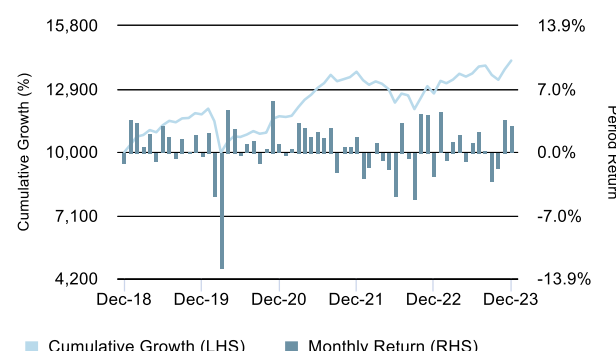
The Australian market had a strong month in December, finishing 7.2% higher with all 11 sectors posting positive returns. Investors also see potential for rate cuts from central banks in 2024, and these factors contributed to the monthly return. Leading the market higher were Property (11.5%), Healthcare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

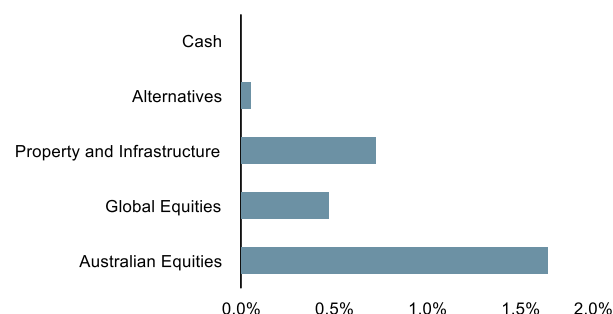
The S&P/ASX 300 A-REIT Accumulation index finished the year strongly during December, with the index finishing 11.4% higher. Global real estate equities (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)) also performed well, advancing 8.3% for the month. The Global Infrastructure 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	0.55
Perpetual Share Plus Long-Short Fund - Class S Units	0.45
Zurich Investments Australian Property Securities Fund	0.33

Bottom 3 contributors to performance

	%
CC Redwheel Global Emerging Markets Fund	-0.13
Global X Physical Gold	-0.09
Janus Henderson Global Multi-Strategy Institutional AUD	-0.02

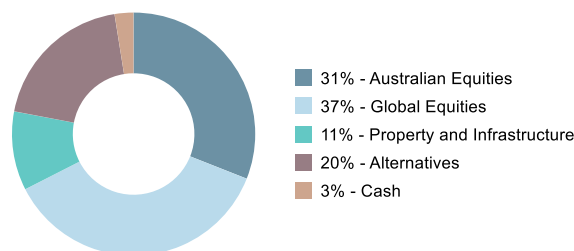
Portfolio changes

	%
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.

Lonsec Investment Solutions Pty Ltd • ACN 608 837 583 • A Corporate Authorised Representative (CAR 1236821) of Lonsec Research Pty Ltd
 • ABN 11 151 658 561 • AFSL 421 445 • This information must be read in conjunction with the Warning, Disclaimer, and disclosure at the end of this document.
 This report supersedes all prior reports.

Asset allocation breakdown



Portfolio Commentary

Over the 12 months to December, the portfolio delivered solid absolute returns of 11.89% but underperformed the peer group benchmark by 1.11% 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.

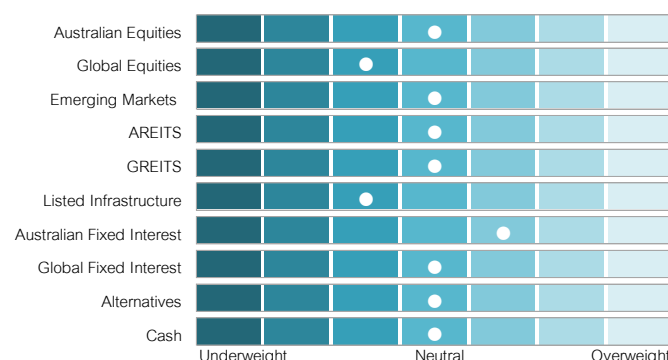
For the month of December itself, the portfolio returned 2.92%, underperforming the peer group benchmark. Dynamic asset allocation (DAA) detracted for the month, driven by the slightly underweight positions in global equities and global listed infrastructure, in a month where growth assets rallied strongly.

Manager selection 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. Within alternatives, both the Partners Group Global Multi-Asset Fund and Fulcrum Diversified Investments Fund outperformed the sector benchmark.

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 CC Redwheel Global Emerging Markets Fund was the top detractor. 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.

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

Lonsec Investment Solutions Pty Ltd • ACN 608 837 583 • A Corporate Authorised Representative (CAR 1236821) of Lonsec Research Pty Ltd
 • ABN 11 151 658 561 • AFSL 421 445 • This information must be read in conjunction with the Warning, Disclaimer, and disclosure at the end of this document.
 This report supersedes all prior reports.

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

Target exposure

Growth assets	Defensive assets
98%	2%

Platform availability

BT Panorama
HUB24
Netwealth

Important Notice: This document is published by Lonsec Investment Solutions Pty Ltd (LIS) ACN: 608 837 583, a corporate authorised representative (CAR number: 1236821) of Lonsec Research Pty Ltd ABN: 11 151 658 561 AFSL: 421 445 (Lonsec Research). LIS and Lonsec Research are owned by Lonsec Holdings Pty Ltd ACN: 151 235 406. LIS creates the model portfolios it distributes using the investment research provided by Lonsec Research but has not had any involvement in the investment research process for Lonsec Research. Please read the following before making any investment decision about any financial product mentioned in this document.

Disclosure at the date of publication: Lonsec Research receives a fee from the relevant fund managers or product issuers for researching financial products (using objective criteria) which may be referred to in this document. Lonsec Research may also receive a fee from the fund manager or product issuer (s) for subscribing to research content and other Lonsec Research services. LIS receives fees for providing investment consulting advice, approved product lists, model portfolios to financial services professionals and other advice to clients. LIS' and Lonsec Research's fees are not linked to the financial product rating(s) outcome or the inclusion of the financial product(s) in model portfolios. LIS, Lonsec Research and/or their associates may hold any financial product(s) referred to in this document, but details of these holdings are not known to the analyst(s).

Warnings: Past performance is not a reliable indicator of future performance. Any express or implied rating or advice presented in this document is limited to "general advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ("financial circumstances") of any particular person. Before making an investment decision based on the rating or advice, the reader must consider whether it is personally appropriate in light of their financial circumstances or should seek independent financial advice on its appropriateness. If the advice relates to the acquisition or possible acquisition of a particular financial product, the reader should obtain and consider the Investment Statement or the Product Disclosure Statement for each financial product before making any decision about whether to acquire the financial product.

Disclaimer: LIS provides this document for the exclusive use of its clients. It is not intended for use by a retail client or a member of the public and should not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information not verified by LIS. Financial conclusions, ratings and advice are given on reasonable grounds held at the time of completion (refer to the date of this document) but subject to change without notice. LIS assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, LIS and Lonsec, their directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it.

This document is subject to copyright of LIS. Except for the temporary copy held in a computer's cache and a single permanent copy for your personal reference or other than as permitted under the Copyright Act 1968 (Cth), no part of this document may, in any form or by any means (electronic, mechanical, micro-copying, photocopying, recording or otherwise), be reproduced, stored or transmitted without the prior written permission of LIS.

This document may also contain third party supplied material that is subject to copyright. Any such material is the intellectual property of that third party or its content providers. The same restrictions applying above to LIS copyrighted material, applies to such third-party content.

Copyright © 2024 Lonsec Investment Solutions Pty Ltd