

# Lonsec Active (FirstChoice Managed Account Range: Conservative) - Pension

### Portfolio performance - August 2021

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	1.65	4.17	8.35	11.69	5.84	5.54
Peer Group Benchmark**	0.72	2.81	6.10	9.14	4.81	4.38
Excess Return*	0.93	1.36	2.25	2.55	1.03	1.16

\*Performance prior to 1 October 2021 is based on a notional portfolio. Past performance is not a reliable indicator of future performance. Performance is calculated before taxes 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 Financial Express UT Peer Group Multi-Asset Moderate Index.

### Market review

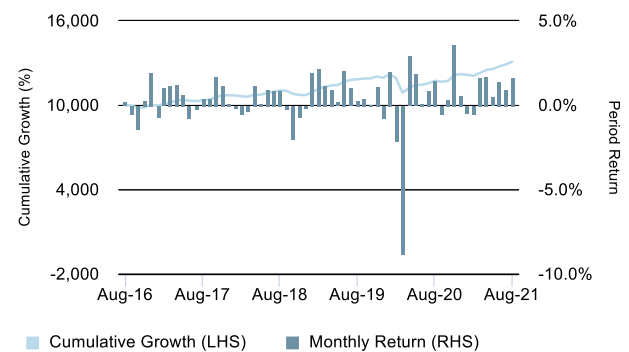
The Australian share market continued its advance for the year following a strong reporting season, with the S&P/ASX 300 gaining 2.6% for the month; year to date the index is up an impressive 17%. Information Technology contributed strongly with a 17% gain for the month. Materials and Energy were the only detractors following continued weakness in iron ore prices and a softer month for oil.

Global markets continued their climb into August, with emerging markets slightly outperforming developed markets, with the MSCI Emerging Markets Index returning 3.2% as the region recovers from a sharp sell-off driven by Chinese equities in late July. Developed markets continue to be supported by economic stimulus and vaccination efforts with the MSCI AC World ex-Australia Index climbing 3.1%, despite unabated trends in daily case rates across developed economies.

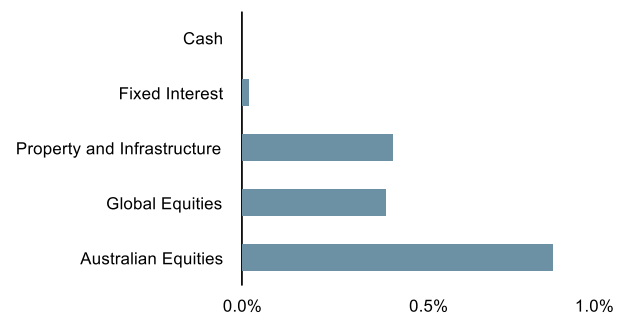
A-REIT's advanced strongly during August with the S&P/ASX 200 A-REIT Accumulation Index achieving 6.3% for the month and 30.8% for 12 months to 31 August 2021. The months news was dominated by the release of the 2021 full-year financial results. The financial results across A-REITs were generally strong, although Goodman Group fell on poorer than expected FY22 earnings guidance.

Yields remained relatively static at the short end of the curve, but fell at the longer end, resulting in a flatter curve overall in August. Concerns regarding tapering off the current level of stimulus, combined with credit spreads continuing to tighten over the course of the month led to the Bloomberg AusBond Composite 0+ Yr Index returning 0.1%. Globally, there has been significant heterogeneity in the performance of international bond markets as variation in vaccination rates and other COVID related metrics remains high, as a result the Bloomberg Barclays Global Aggregate Index (AUD Hedged) Index fell 0.2%.

### 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

	%
CFS FC WS Pens - BT WS Property Investment	0.37
FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	0.33
CFS FC WS Pen -Fidelity Australian Equities	0.27

#### Bottom 3 contributors to performance

	%
FirstChoice WS Pens - PIMCO WS Global Bond	-0.02
CFS FC W Pen-Colchester Wholesale Global Government Bond	0.00
Generic Cash	0.00

#### Portfolio changes

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

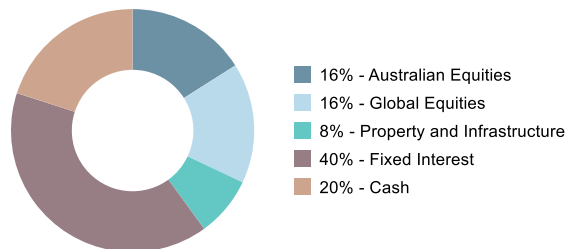
**We strongly recommend that potential investors read the product disclosure statement or investment statement.**

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### Portfolio structure

Strategy/Asset class	Fund	%
<b>Australian Equities</b>		<b>16</b>
Market Exposure	Colonial First State FirstChoice IML Australian Share Fund Wholesale Pension	6
Market Exposure	CFS FC WS Pen -Fidelity Australian Equities	5
Market Exposure	FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	5
<b>Global Equities</b>		<b>16</b>
Market Exposure	CFS FC WS Pen -MFS Global Equity	4
Risk Control	FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	4
Market Exposure	CFS FirstChoice Wholesale Pension - Magellan Wholesale Global Share Hedged	4
Alpha	CFS FC W Pen - T. Rowe Price Wholesale Global Equity	4
<b>Property and Infrastructure</b>		<b>8</b>
Domestic Listed Property	CFS FC WS Pens - BT WS Property Investment	6
Listed Infrastructure	CFS FC WS Pens - First Sentier Wholesale Gbl Listed Infrastructure Securities	2
<b>Fixed Interest</b>		<b>40</b>
Global Fixed Interest	FirstChoice WS Pens - PIMCO WS Global Bond	10
Income & Capital Stability	CFS FC WS Pen -Macquarie Income Opportunities	8
Income & Capital Stability	CFS Perpetual Wholesale Diversified Income	8
Global Fixed Interest	CFS FC W Pen-Colchester Wholesale Global Government Bond	8
Diversified Fixed Interest	CFS FirstChoice Wholesale Pension - Schroder Wholesale Absolute Return Income	6
<b>Cash</b>		<b>20</b>
	Generic Cash	20
<b>Total</b>		<b>100</b>

### Asset allocation breakdown



### Portfolio Commentary

The Portfolio returned 1.65% for the month of August, outperforming both the relevant peer group benchmark and internal strategic benchmark. All asset classes contributed to total returns over the period.

Manager selection was generally strong through the month, particularly within Australian equities and fixed income. At a high level, equity managers exposed to the quality factor did well as investors sought the relative safety in the face of macroeconomic challenges. The First Sentier Concentrated Australian Share Fund was the top performer within the Australian equities allocation for the month. Within fixed income all strategies performed well, outperforming their respective benchmarks, as markets grappled with, among other things, future QE tapering.

### Outlook

Continued lockdowns in NSW and Victoria, albeit with a potential end date in sight, continue to weigh on investor sentiment and the domestic recovery. Despite that, the RBA remains confident in the outlook, pressing ahead with plans to begin reducing its bond buying stimulus to \$4 billion a week, from \$5 billion. Cyclical indicators are moderating from very high levels; however, policy support continues with ultra-low rates and ongoing, but more targeted, fiscal support being provided.

Globally, vaccination programs continue to press forward as economic data, largely in the US, remains strong and financial markets continue their upward trajectory. Geopolitical risk remains at the front of mind, with Australia's relationship with China and the US withdrawal from Afghanistan continuing to make headlines. The portfolio remains well diversified across asset classes and the quality and risk-control elements embedded within sectors, provide added comfort as we manage through what we expect may be a more volatile period.

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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

1.6% p.a. above cash

### Suggested minimum investment timeframe

3 years

### Investment strategy

The portfolio seeks to generate a balance of 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.

### Target exposure

Growth assets	Defensive assets
40%	60%



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