

Lonsec Active (FirstChoice Managed Account Range: Growth) - Pension

Portfolio performance - August 2021

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)
Portfolio Total Return*	3.09	7.59	15.61	22.77	9.06	8.88
Peer Group Benchmark**	1.69	5.12	11.99	20.77	8.07	8.25
Excess Return*	1.40	2.47	3.62	2.00	0.99	0.63

*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 and 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 Growth Index.

Market review

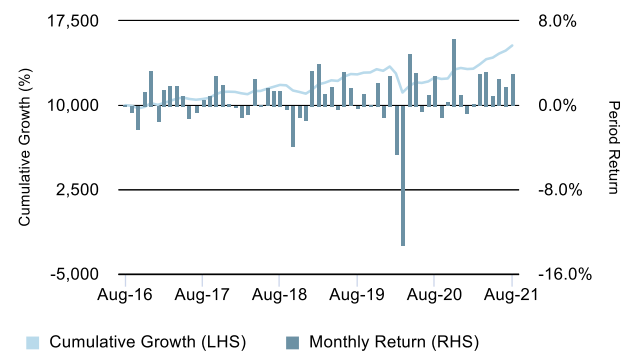
The Australian share market continued its advance for the year following a strong reporting season, with the S&P/ASX 300 gaining 2.6% for the month; year to date the index is up an impressive 17%. Information Technology contributed strongly with a 17% gain for the month. Materials and Energy were the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

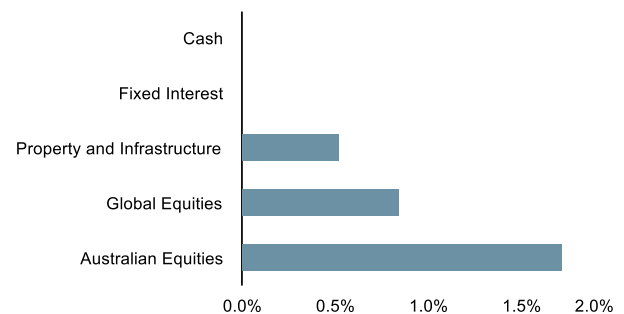
A-REIT's advanced strongly during August with the S&P/ASX 200 A-REIT Accumulation Index achieving 6.3% for the month and 30.8% for 12 months to 31 August 2021. The months news was dominated by the release of the 2021 full-year financial results. The financial results across A-REITs were generally strong,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

FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	0.47
CFS FC WS Pens - BT WS Property Investment	0.43
CFS FC WS Pen -Fidelity Australian Equities	0.37

Bottom 3 contributors to performance %

FirstChoice WS Pens - PIMCO WS Global Bond	-0.01
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	
---	--

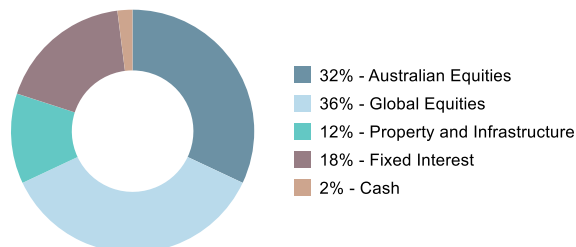
We strongly recommend that potential investors read the product disclosure statement or investment statement.

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 structure

Strategy/Asset class	Fund	%
Australian Equities		32
Market Exposure	Colonial First State FirstChoice IML Australian Share Fund Wholesale Pension	8
Market Exposure	CFS FC WS Pen -Fidelity Australian Equities	7
Market Exposure	FirstChoice Wholesale Pension - First Sentier Wholesale Concentrated Australian Share	7
Diversification & Growth	CFS FirstChoice WS Pension - Bennelong WS ex-20 Australian Equities	4
Diversification & Growth	CFS FC W Pen - First Sentier Wholesale Australian Small Companies	6
Global Equities		36
Market Exposure	CFS FC WS Pen -MFS Global Equity	10
Risk Control	FirstChoice WS Pens - Acadian WS Global Managed Volatility Equity	9
Market Exposure	CFS FirstChoice Wholesale Pension - Magellan Wholesale Global Share Hedged	9
Alpha	CFS FC W Pen - T. Rowe Price Wholesale Global Equity	8
Property and Infrastructure		12
Domestic Listed Property	CFS FC WS Pens - BT WS Property Investment	7
Global Listed Property	CFS FC W Pen-AMP Capital W Global Property Securities	2
Listed Infrastructure	CFS FC WS Pens - First Sentier Wholesale Gbl Listed Infrastructure Securities	3
Fixed Interest		18
Global Fixed Interest	FirstChoice WS Pens - PIMCO WS Global Bond	5
Income & Capital Stability	CFS FC WS Pen -Macquarie Income Opportunities	4
Income & Capital Stability	CFS Perpetual Wholesale Diversified Income	4
Global Fixed Interest	CFS FC W Pen-Colchester Wholesale Global Government Bond	5
Cash		2
	Generic Cash	2
Total		100

Asset allocation breakdown



Portfolio Commentary

The Portfolio returned 3.09% 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 Bennelong ex-20 Australian Equities 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.

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 with capital growth with some income over the medium to long term through exposure across a range of asset classes and by using several investment managers.

Investment objective

3.2% p.a. above cash

Suggested minimum investment timeframe

6 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.

Target exposure

Growth assets	Defensive assets
80%	20%



IMPORTANT NOTICE: This document is published by Lonsec Investment Solutions Pty Ltd ACN 608 837 583, a Corporate Authorised Representative (CAR 1236821) (LIS) of Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). LIS creates the model portfolios it distributes using the investment research provided by Lonsec Research but LIS has not had any involvement in the investment research process for Lonsec Research. LIS and Lonsec Research are owned by Lonsec Holdings Pty Ltd ACN: 151 235 406. 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 manager or product issuer(s) 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 a fee for providing the model portfolios to financial services organisations and professionals. 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 and Lonsec Research and their representatives 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 Lonsec Research analyst(s).

Warnings: Past performance is not a reliable indicator of future performance. Returns are prepared and reported using model asset allocations, actual returns may vary depending on platform fees or allocations, and individual holdings. Any express or implied rating or advice presented in this document is limited to general advice 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 his or her financial circumstances or should seek independent financial advice on its appropriateness. If the financial 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. The information contained in this document is current as at the date of publication. Financial conclusions, ratings and advice are reasonably held at the time of publication 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 Research, 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.

Copyright © 2021 Lonsec Investment Solutions Pty Ltd ACN: 608 837 583 (LIS). This report may also contain third party supplied material that is subject to copyright. The same restrictions that apply to LIS copyrighted material, apply to such third party content.