



Portfolio change report Lonsec Multi-Asset Managed Portfolios

02 March | 2022

Portfolio change report – Lonsec Multi-Asset Managed Portfolios

Portfolio changes

We have made changes to the **Lonsec Multi-Asset Managed Portfolios** following an interim Asset Allocation Investment Committee meeting held to discuss the economic implications of the Russia-Ukraine conflict. These changes were effective as of **02 March 2022**.

The changes are:

- Reduced our ‘Slight Overweight’ position in Global Emerging Markets Equities to a ‘Neutral’ position by reducing our allocation to the **CC RWC Global Emerging Markets Fund**.
- Reallocated that capital into real assets by increasing our positions in Global REITs and Global Listed Infrastructure via the **Resolution Capital Global Property Securities Fund** and **Magellan Infrastructure Fund**.

Portfolio rationale

Lonsec has taken a cautious approach to the Russia-Ukraine situation. We have reduced our Emerging Market Equity position from ‘Slight Overweight’ to a more ‘Neutral’ setting and reallocated that capital into real assets, that not only have lower beta to equity markets but can also provide some inflation protection. The Russian invasion of Ukraine has led to fighting across the country, an escalation in Western sanctions, rising energy prices, increasing geopolitical uncertainty and general market volatility.

While our underlying fund managers have been substantially trimming their exposures to Russian stocks in recent days and weeks (meaning our direct exposure to Russia itself is negligible), the situation is very fluid and the risk of contagion into other Emerging Markets, particularly in Eastern Europe, is one we are mindful of.

Rising commodity prices are adding pressure to what are already high inflation rates, thanks to disruptions in the supply of key Russian commodity exports, such as oil and gas. We have looked to build more inflation resilience into the portfolios by increasing our exposure to real assets, i.e. Global REITs and Global Listed Infrastructure.

While we think the uncertainty will mean central banks may tread more cautiously with respect to policy tightening, there is a risk that we move into a more stagflationary environment, one with higher inflation and lower growth, which can present some challenges for risk assets. While we have maintained our Overweight exposure to growth assets, within that, we have adopted a slightly more defensive position by reducing the overall beta within the portfolio.

Portfolio structure

This table outlines the updated portfolio structure for the Lonsec Multi-Asset Managed Portfolios:

Risk Profile	Asset Category	APIR Code	Defensive	Conservative	Balanced	Growth	High Growth
Australian Equities (%)			8.5	14	20.5	27.5	32
Fidelity Australian Equities Fund	Growth	FID0008AU	5.5	7	5	6	6.5
AB Managed Volatility Equities Fund	Growth	ACM0006AU	3	7	4.5	6	6.5
Allan Gray Australian Equities Fund	Growth	ETL0060AU			2	3.5	4.5
Bennelong ex-20 Australian Equities Fund	Growth	BFL0004AU			3	3.5	4
iShares S&P/ASX 20 ETF	Growth	ILC			4	5	6
Eiger Australian Small Companies Fund	Growth	HOW2967AU			2	3.5	4.5
Global Equities (%)			8	14	20	29	37
AllianceBernstein Global Equities Fund	Growth	ACM0009AU	4.5	9	7.5	7.5	10
Ironbark Royal London Concentrated Global Share Fund	Growth	MGL0004AU	3.5	5	5.5	6.5	7
GQG Partners Global Equity Fund	Growth	ETL7377AU			3	5	5
Antipodes Global Fund	Growth	IOF0045AU			4	5	7
CC RWC Emerging Markets Equity Fund	Growth	CHN8850AU				5	8
Property & Infrastructure (%)			5	10	13	15	12
Zurich Australian Property Securities Fund	Growth	ZUR0064AU	2	3	3	4	4
Resolution Capital Global Property Securities Fund	Growth	WHT0015AU		3	5	5.5	4
Magellan Infrastructure Fund	Growth	MGE0002AU	3	4	5	5.5	4
Alternatives (%)			13	13.5	18	18.5	16.5
Partners Group Global Multi-Asset Fund	Growth	ETL0431AU			6	7	7.5
Fulcrum Diversified Investments Fund	Growth	HFL0104AU	4.5	5.5	4	4	2
Janus Henderson Global Multi-Strategy Fund	Growth	HGI1794AU			4	3.5	2.5
Ardea Real Outcome Fund	Growth	HOW0098AU	5.5	5			
ETFs Physical Gold	Growth	GOLD			4	4	4.5
BlackRock iShares Government Inflation ETF	Income	ILB	3	3			
Fixed Interest & Diversified Income Assets (%)			41.5	39.5	25	7.5	0
Schroder Fixed Income Fund	Income	SCH0016AU	6	5.5	5.5	2.5	
PIMCO Global Bond Fund	Income	ETL0018AU	8	8	5	3	
Colchester Global Government Bond Fund	Income	ETL5525AU	7	8	5		
Macquarie Income Opportunities	Income	MAQ0277AU	12	10	6	2	
Janus Henderson Tactical Income Fund	Income	IOF0145AU	8.5	8	3.5		
Cash / Liquidity			24	9	3.5	2.5	2.5
iShares Core Cash ETF	Income	BILL	8	6.5	1		
Cash (%)	Income		16	2.5	2.5	2.5	2.5
* Total Growth Assets (%)			24.2	41.3	66.3	85	93.5
* Total Defensive Assets (%)			75.8	58.7	33.7	15	6.6

* Growth / Defensive exposure represents the indicative expected long-term average asset position. Some Alternative funds are classified as both growth and defensive.

Please check with your platform provider for the availability of each risk profile.

Analyst disclosure and certification:

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice.

Analyst(s) holdings may change during the life of this document. The analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

Date released

March 2022

Analyst

Deanne Baker

Approved by

Lukasz de Pourbaix

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 Fiscal 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 may hold any financial product(s) referred to in this document. LIS and Lonsec Research's 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. 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 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. Financial conclusions, ratings and advice are reasonably held at the time of completion (refer to the date of this report) 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 © 2022 Lonsec Investment Solutions Pty Ltd ACN: 608 837 583 (LIS), a corporate authorised representative (CAR number: 1236821) of Lonsec Research Pty Ltd ABN: 11 151 658 561 AFSL: 421 445 (Lonsec Research). This report 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 report 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 report 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.