

# Morningstar CFS FC Defensive (FirstChoice Managed Account Range: Defensive)

## Quarterly Performance Update

31 March 2022

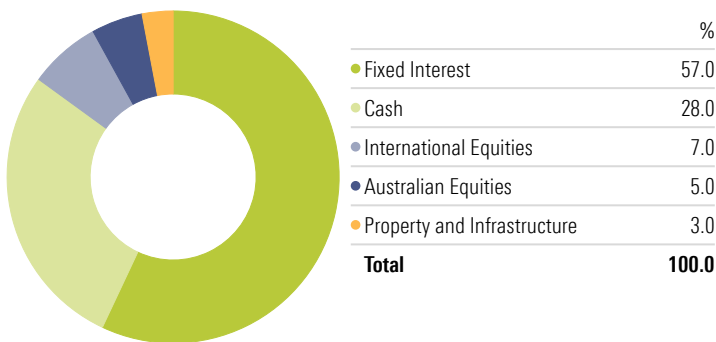
Benchmark: Morningstar Category Average - Multisector Conservative  
Inception Date : 27/09/2021

### Trailing Returns

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Morningstar CFS FC Defensive	-0.53	-2.52	-2.24				-2.52
Morningstar CFS FC Defensive Pension	-0.58	-2.81	-2.48				-2.80
Category Average Multisector Conservative	-0.69	-2.39	-2.24	-0.15	1.18	1.86	-2.24
Category Average Multisector Conservative Pension	-0.85	-2.54	-2.44	-0.36	1.16	1.90	-2.44

Past performance is not a reliable indicator of future performance. Category Average inception returns based on first full month of performance.

### Sector Allocation



### Quarterly Commentary

The Morningstar CFS FC Defensive portfolios had a negative quarter, slightly underperforming against the category average benchmarks. Fixed income and global equities were key detractors with Australian equities adding value.

Domestically in fixed interest, the Bloomberg AusBond Composite had a negative quarter returning -5.88%. Australian yields followed developed market bond yields higher as the market priced in an accelerated path for RBS cash rate increases. Globally in fixed interest, the Bloomberg Global Aggregate had a negative quarter returning -4.98%. Global bonds suffered their worst quarter on record as markets priced in aggressive interest rate increases by central banks. Key contributors were multi-decades high inflation, large increases in commodity prices and more supply-side shortages caused by the Russia-Ukraine conflict. First Sentier Cash lagged the cash index, which was slightly positive, by 12 basis points. Pimco Global Bond slightly outperformed the benchmark over the quarter. Interest rate and currency strategies contributed to performance over the quarter, while spread sector strategies were about neutral. Colchester Global Government Bond outperformed the world government bond benchmark. Underweight positions in the US, Europe and UK were key contributors. Schroder Absolute Return Income lagged the RBA cash rate over the quarter. Australian corporate exposure detracted from performance. Pimco Australian Bond slightly outperformed the benchmark over the quarter. An underweight position to duration was the key contributor. Perpetual Diversified Income underperformed the fund's benchmark over the quarter. Credit spread dynamics was the most substantial detractor for performance.

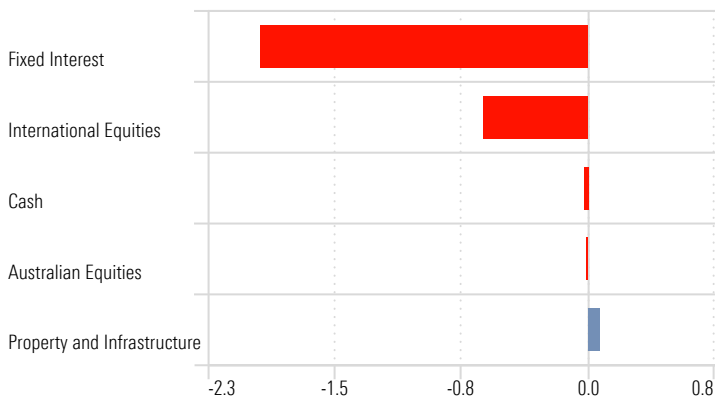
Australian equities had a positive quarter returning 2.24%. Higher commodity prices caused by the Russia-Ukraine conflict favourably impacted Australian equities. Energy, Materials and Financials all led the market higher. Banks gained on expectations of higher interest rates and the positive flow on effect that this could have on net interest margins. Fidelity Australian Equities underperformed the index over the quarter. Stock selection in real estate and consumer discretionary held back gains whilst selected material names contributed to relative returns. Overweight positions, relative to index, in Dominos, Domain and Goodman impacted performance.

Global equities had a poor quarter with MSCI World Ex-Australia delivering -8.42%. Global stocks tumbled as the Russia-Ukraine conflict heightened uncertainty about the economic outlook and boosted energy and grain prices in an environment where inflation is already at decade highs. US inflation is at its highest in 40 years. Most sectors of the market fell with Consumer Discretionary falling the most at -11%. US and European stocks fell on higher inflation with Japan also losing ground amid global uncertainty. Magellan Global Share – Hedged underperformed the hedged index over the quarter. Unexpected earnings downgrades impacted Netflix, Meta (Facebook) and Starbucks with Netflix and Meta falling over 30% and Starbuck over 20% over the quarter. MFS Global Equity lagged the benchmark over the quarter. This was mostly attributable to not owning energy stocks, and other commodity-exposed names where the impact of inflation has been the greatest. Some larger holdings such as Accenture, Schneider Electric and Thermo Fisher Scientific, lagged the quarter.

Global infrastructure had a strong quarter returning 7.29% for the quarter as measured by the S&P Global Infrastructure index. Inflation protection characteristics of global infrastructure was one of the key drivers of performance. Prices of infrastructure companies within the Energy sector increased from the Russia-Ukraine conflict fallout as investors sought safe haven assets. Magellan Infrastructure underperformed the index over the quarter. Key detractors to performance were the tower operators American Tower Corp and Crown Castle. These companies have fixed near term price increases and fell when US inflation hit a 40 year high.

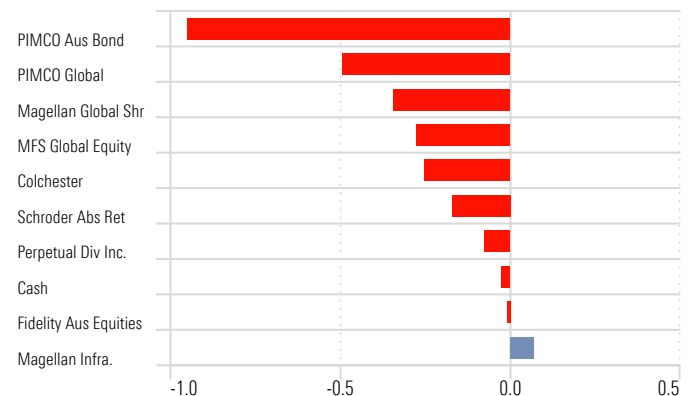
### Asset Class Quarterly Contribution to Performance

Time Period: 1/01/2022 to 31/03/2022



### Manager Quarterly Contribution to Performance

Time Period: 1/01/2022 to 31/03/2022



\* An individual investor's performance will differ from the modelled performance depending on factors such as transaction timing, actual management fees, whether income is paid and any divergence from model portfolio weighting. Returns are calculated on an annualised basis using exit price to exit price with distributions reinvested, net of management costs, transaction costs and for FirstChoice Wholesale Personal Super and FirstChoice Employer Super net of tax payable by the trustee. All return calculations exclude contribution surcharge, excess contribution tax or individual taxes payable by the investor and all other fees and rebates disclosed in the relevant Product Disclosure Statements.  
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## Portfolio Holdings

As of Date: 31/03/2022

	Return					
	1 Mth	3 Mth	6 Mth	1 Year	3 Years	5 Years
<b>Australian Equities</b>						
CFS FC W PSup-Fidelity W Aus Equities	6.66	-0.46	1.88	16.81	11.44	9.81
S&P/ASX 200 TR AUD	6.89	2.24	4.38	14.97	10.59	9.22
<b>Cash</b>						
CFS FC W PSup-FSI W Strategic Cash	-0.07	-0.09	-0.16	-0.10	0.39	0.87
RBA Bank accepted Bills 90 Days	0.01	0.03	0.04	0.05	0.39	0.98
<b>Fixed Interest</b>						
CFS FC W PSup-Colchester W Glb Gov Bnd	-1.72	-3.61	-4.25	-3.84		
CFS FC W PSup-Perpetual W Divers Inc	-0.18	-0.76	-0.96	-0.28	1.60	1.90
CFS FC W PSup-PIMCO W Australian Bond	-3.49	-5.57	-7.04	-5.74	-0.82	1.01
CFS FC W PSup-PIMCO W Global Bond	-1.47	-4.10	-4.35	-4.09	0.60	1.50
CFS FC W PSup-Schroder W Abs Return Inc	-0.84	-1.57	-2.05	-1.39	1.19	1.77
Bloomberg Global Aggregate TR Hdg AUD	-2.13	-4.98	-4.95	-4.01	0.84	1.99
Bloomberg AusBond Composite 0+Y TR AUD	-3.75	-5.88	-7.25	-5.55	-0.32	1.86
<b>International Equities</b>						
CFS FC W PSup-Magellan W Global Shre-Hgd	0.51	-8.45	-2.94	-0.25	5.99	7.92
CFS FC W PSup-MFS W Global Equity	-1.32	-9.03	-4.87	5.80	8.91	10.01
MSCI World Ex Australia NR AUD	-0.89	-8.42	-1.84	11.60	12.93	12.88
<b>Property and Infrastructure</b>						
CFS FC W PSup-Magellan W Infrastructure	5.98	2.21	9.87	13.23	4.23	6.16
S&P Global Infrastructure NR Hdg AUD	5.46	7.29	12.08	17.17	5.71	6.06

\* Returns are calculated on an annualised basis and are net of fees and tax.

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