Lonsec

Evidence Based Model G70 Balanced
Portfolio Performance Update as at 31 December 2023

Performance snapshot

	3 MTH (%)	6 MTH (%)	1 YR (%)	3 YR (%)	5 YR (%)
INCOME RETURN	0.3	0.8	1.6		
GROWTH RETURN	6.4	5.3	11.5		
TOTAL RETURN	6.7	6.0	13.1		
BENCHMARK RETURN	5.5	4.4	10.5		
EXCESS RETURN	1.2	1.6	2.6		

Past performance is not a reliable indicator of future performance.
Performance is calculated after management fees and before taxes.
*Benchmark: FE UT PG Multi-Asset Growth Index.

Market commentary

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).
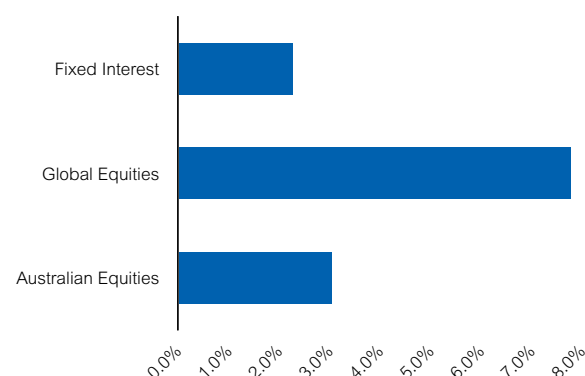
The S&P/ASX 300 A-REIT Accumulation index finished the year strongly during December, with the index finishing 11.4% higher. Global real estate equities (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)) also performed well, advancing 8.3% for the month. The Global Infrastructure 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%.
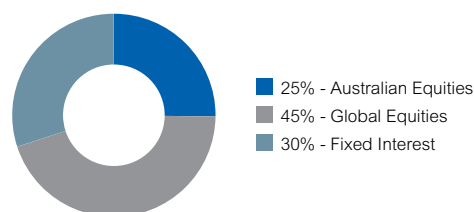
Cumulative performance (1 year)
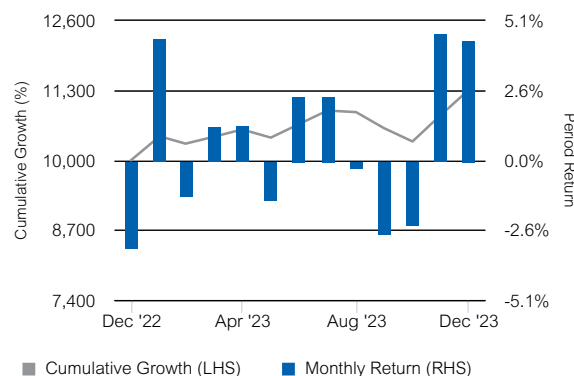
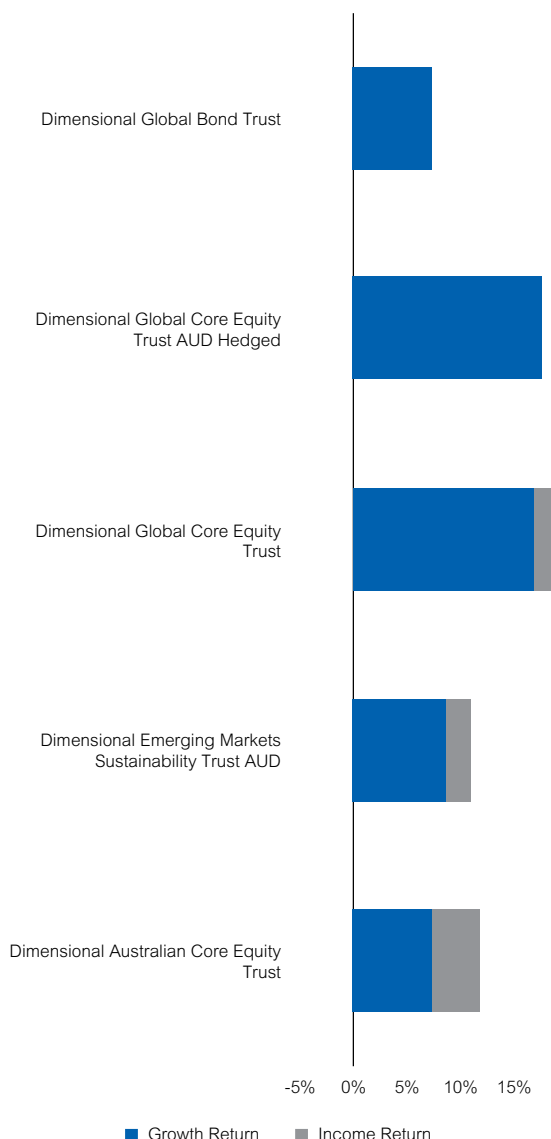

Performance contribution (1 year)

Asset allocation breakdown

- 25% - Australian Equities
- 45% - Global Equities
- 30% - Fixed Interest

Portfolio Performance Update as at 31 December 2023

FIRST PRINCIPLES
FINANCIAL PLANNING

Investment performance (1 year)

Growth Return	Income Return

Portfolio structure

APIR / CODE	FUND	%
AUSTRALIAN EQUITIES		25.2
DFA0003AU	DIMENSIONAL AUSTRALIAN CORE EQUITY TRUST	25.2
GLOBAL EQUITIES		44.8
DFA8887AU	DIMENSIONAL EMERGING MARKETS SUSTAINABILITY TRUST AUD	4.9
DFA0004AU	DIMENSIONAL GLOBAL CORE EQUITY TRUST	20.3
DFA0009AU	DIMENSIONAL GLOBAL CORE EQUITY TRUST AUD HEDGED	19.6
FIXED INTEREST		30.0
DFA0028AU	DIMENSIONAL GLOBAL BOND TRUST	30.0
TOTAL		100.0

Evidence Based Model Portfolio (EBM) G70 Balanced

as at 31/12/2023, in AUD

Dimensional
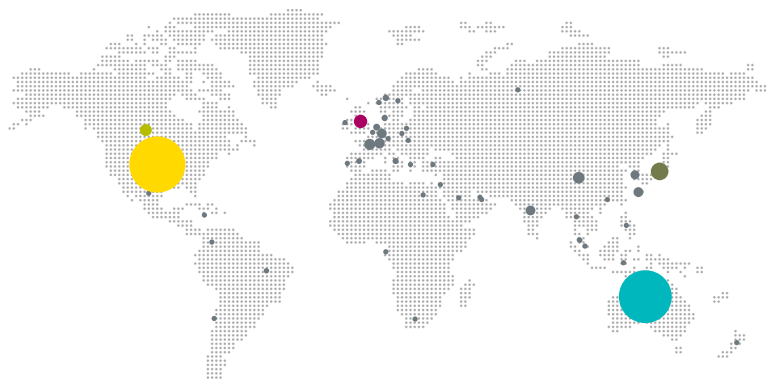
EQUITY COUNTRY ALLOCATION

United States		40.55%
Australia		36.00%
Japan		4.00%
United Kingdom		2.31%
Canada		1.84%
Other Country		15.30%

EQUITY CHARACTERISTICS [3]

9,518	$324,029	2.09	0.43
Number of Companies	Weighted Average Total Market Capitalisation (millions)	Aggregate Price-To-Book	Weighted Average Profitability

FIXED INCOME CHARACTERISTICS

500	7.77	6.36
Number of Holdings	Weighted Average Maturity (years)	Weighted Average Effective Duration (years)

POSITIONING RELATIVE TO MARKET [4]

● Evidence Based Model Portfolio (EBM) G70 Balanced
○ MSCI All Country World IMI Index

Large Caps

75.05%	
90.23%	

Small Caps

24.95%	
9.77%	

	Low Profitability	High Profitability	Low Profitability	High Profitability
Growth	5.30%	29.16%	2.24%	7.77%
	10.82%	34.45%	1.83%	3.09%
Value	26.93%	13.67%	8.59%	6.35%
	33.97%	10.99%	2.93%	1.92%

ALLOCATION BY CREDIT RATING [5]

AAA	20.84%		BBB	18.47%
AA	34.74%		BB / B	0.09%
A	25.32%		Short Term Rated	0.52%
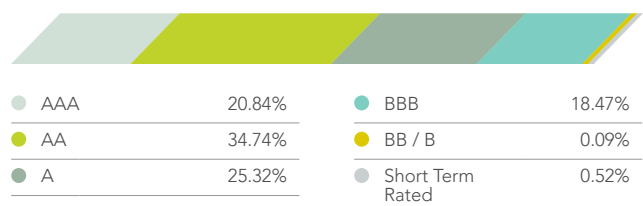
FIXED INCOME ALLOCATION BY MATURITY

0-1 Years	18.70%		5-10 Years	37.62%
1-5 Years	12.41%		10+ Years	31.27%