Mason Stevens Conservative Flagship Multi-Asset Managed Portfolio Performance Report as at 31 May 2025

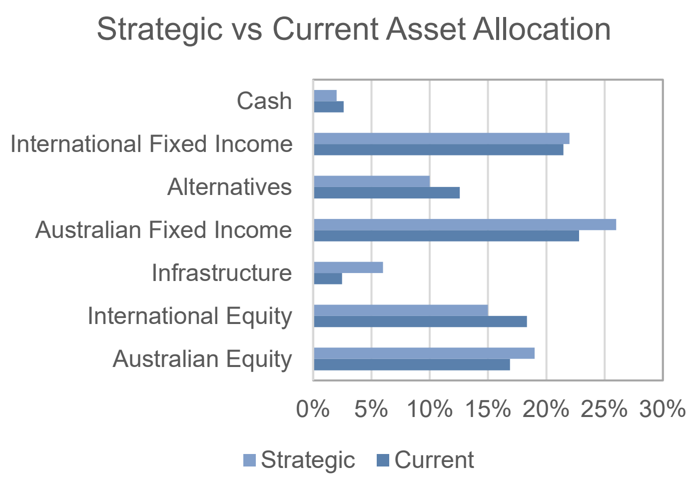
Investment objective and strategy

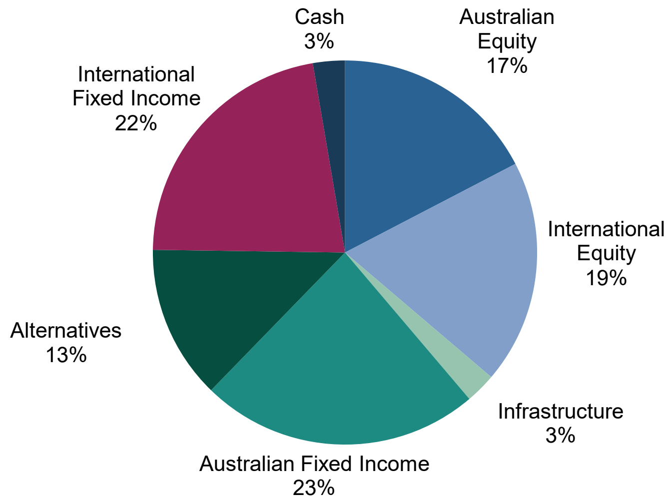
The portfolio is designed as an actively managed, multi-asset investment solution, with the aim of providing a return above the benchmark through diversified exposure across asset classes and a focus on income generating assets.

Portfolio performance as at 31 May 2025[1]

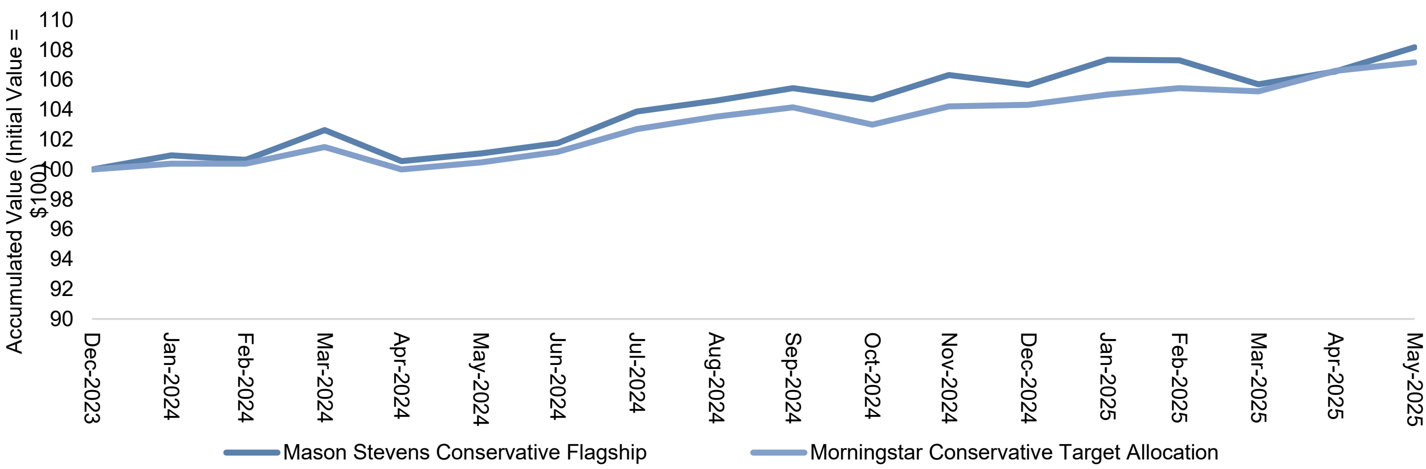
	1 month	3 months	6 months	1 year	Since Inception
Portfolio	**1.53%**	**0.82%**	**1.81%**	**7.14%**	**5.79%**
Morningstar Australia Conservative Target Allocation NR AUD Index	0.53%	1.64%	2.81%	6.66%	5.01%
Excess Return	1.00%	-0.82%	-1.01%	0.48%	0.78%

Portfolio positioning





Performance since inception



Past performance is not a reliable indicator of future performance.

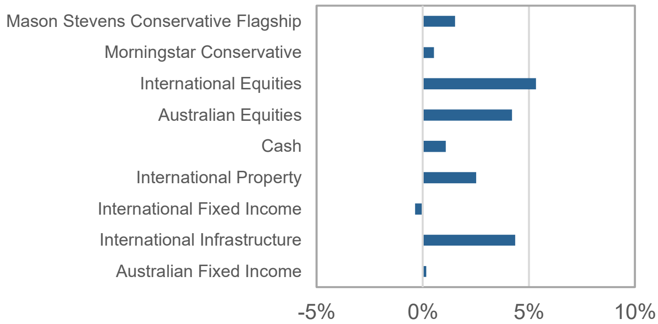
(1) Portfolio returns are calculated net of management, performance, administration/custody and transaction fees, but excluding any adviser fees from the Managed Portfolio's inception date of 31/12/2023 and assumes reinvestment of all income (but not franking credits). Returns are based on the theoretical performance of a portfolio from the inception date based on simplifying assumptions and security weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Each client should also take into account their own taxation situations. All information provided in this report is correct as at the date of this report but without independent verification.

Monthly portfolio commentary

May was a very strong month for risk assets, with International Equities up over 5% while Australian equities were up over 4%. Markets were less and less concerned with tariff related risks, while the prospect of US tax cuts and further deregulation fuelled markets. The one detractor was International Fixed Income where higher long end yields detracted from returns.

The Conservative Flagship portfolio returned 1.51%, outperforming the benchmark which returned 0.53%. The outperformance was due to our overweight to risk assets, and the outperformance of our defensive alternatives managers as compared to international fixed interest. Investors Mutual Private Portfolio and Fortlake Real Income were up 1.70% and 1.06% respectively, as compared to -0.36% for International Fixed Income.

Monthly Market Returns
(Local Currency)



Market commentary and outlook

Tariffs began moving into the rear-view mirror in May. When all is said and done, the size of the Trump tariff threat is likely to be relatively modest – an effective tariff rate (ETR) in the order of 10-15%, which is broadly in line with pre-April 2 estimates. Note that for much of Q1 and prior to Liberation Day, when this was the markets working assumption, the S&P500 ranged between 5800 and 6000. It closed the month of May at 5911 (+6.1%).

One of the key reasons these tariff levels make sense is because Bessent has alluded to a USD$2tln revenue hole in Congressional Budget Office's projections of the Trump administration's proposed OBBB (One Big Beautiful Bill Act). This can be achieved with an ETR of around 10%.

Others would cite recent legal challenges as a reason why tariff upside is now substantially capped. In our view, this may simply add to the noise. It's also not necessarily a win for markets if the legal challenges do succeed and may affect the scope and passage of the OBBB.

Q1 EPS for the S&P500 was strong in the face of tariff uncertainty. As of January 1, 2025, the expected earnings growth for Q1 was +10.4%. By March 31, 2025, that estimate had been revised down to +7.2%. The actual result of +13.3% significantly exceeded both the revised and initial estimates. This suggests that markets may be overstating tariff risks. It's also possible that the trend in underlying earnings growth is stronger than previously anticipated, offsetting tariff impacts. In either case, one has to acknowledge that earnings and notably AI-related investment has defied gloomier estimates based on Trump 'kitchen sinking' the economy.

On the inflation and monetary policy front, May saw the Fed pause at 4.25% as Fed Chair Powell struck a cautious tone on the outlook, citing uncertainty around tariffs and higher inflation as the main risk. The RBA cut by 25 basis points taking the cash rate to 3.85%. Australia has been later and slower to cut rates (so far) than the other major developed markets, which may now set up the Australian economy to benefit from a relative monetary policy tailwind.

The other major developments on rates concerned Moody's downgrade of the US sovereign credit rating on 16 May, which briefly exacerbated fears around US debt sustainability. Around the same time, weak demand in US and Japanese bond auctions contributed to a spike in yields with the US 30-year Treasury yield briefly surpassing 5.15% - the highest level in nearly two decades. Subsequent successful bond auctions coupled with reassuring commentary out of the US and Japan's finance ministry helped to calm markets.

As we look forward; in our view softer reads on economic data may materialise in June which is, by and large, already priced by markets. Beyond this, we must acknowledge that the margin of error around tariff risks et al is high. The on-again-off-again nature of tariff developments makes forecasting challenging. Credit spreads in Australia have not quite gone back to their pre-tariff levels and still represents decent value given the monetary policy backdrop.

Key features

Investment universe
Managed funds, Exchange Traded Funds (ETFs), listed managed funds and cash
Target Return
Morningstar Australia Conservative Target Allocation NR AUD Index
Number of investments
5 to 30 (subject to market conditions and Manager Discretion)
Min investment
$25,000 (or as agreed by the Investment-Sub Adviser)
Suggested timeframe
3 years
Portfolio statistics
Underlying ICR – 0.51% Individual Holdings – 24
Portfolio Manager
Jacqueline Fernley - Chief Investment Officer, **Brad Creighton–** Head of Asset Allocation, **Lloyd Mitchell** – Head of Fixed Income & Markets, **Andrew Ash** – Head of Manager Research

Contact:

Investors, please speak to your adviser

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The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) ABN 92 141 447 654, as the Investment Sub- Adviser. MSAM is a Corporate Authorised Representative (CAR 461312) of Mason Stevens Limited. Investment decisions are governed by an Investment Committee that ensures the appropriate discipline and rigour is applied to the investment process.

More information
Further information about the Portfolio, including fees and costs, is outlined in the Mason Stevens Flagship Managed Portfolio disclosure documents, available at masonstevens.com.au.

About Mason Stevens
Mason Stevens is a specialist wealth platform provider that focuses on Managed Account (MA) solutions. The company offers Outsourced CIO (Chief Investment Office) services that complement the platform and MA solutions. Established in 2010, Mason Stevens is led by some of Australia's most experienced finance and investment professionals. With offices in Sydney and Melbourne, Mason Stevens has a dedicated team of over 80 professionals committed to providing exceptional services nationwide.