Mason Stevens Balanced Foundation ETF Managed Portfolio Performance Report as at 30 September 2026

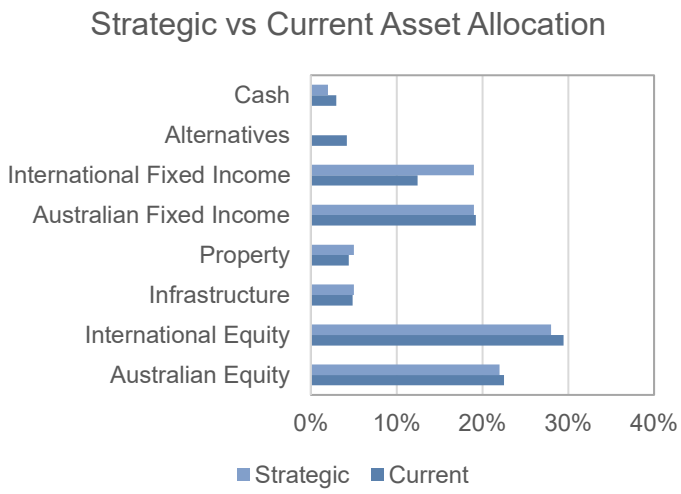
Investment objective and strategy

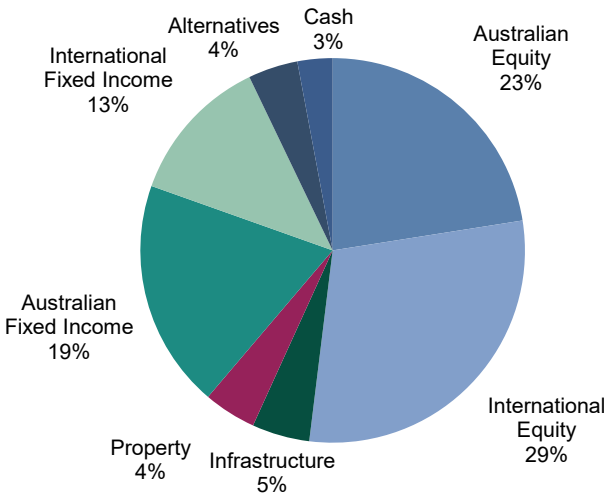
The portfolio is designed as a low-cost, all-in-one multi asset investment solution, with the aim of preserving capital and managing downside volatility/risk.

Portfolio performance as at 30 September 2026[1]

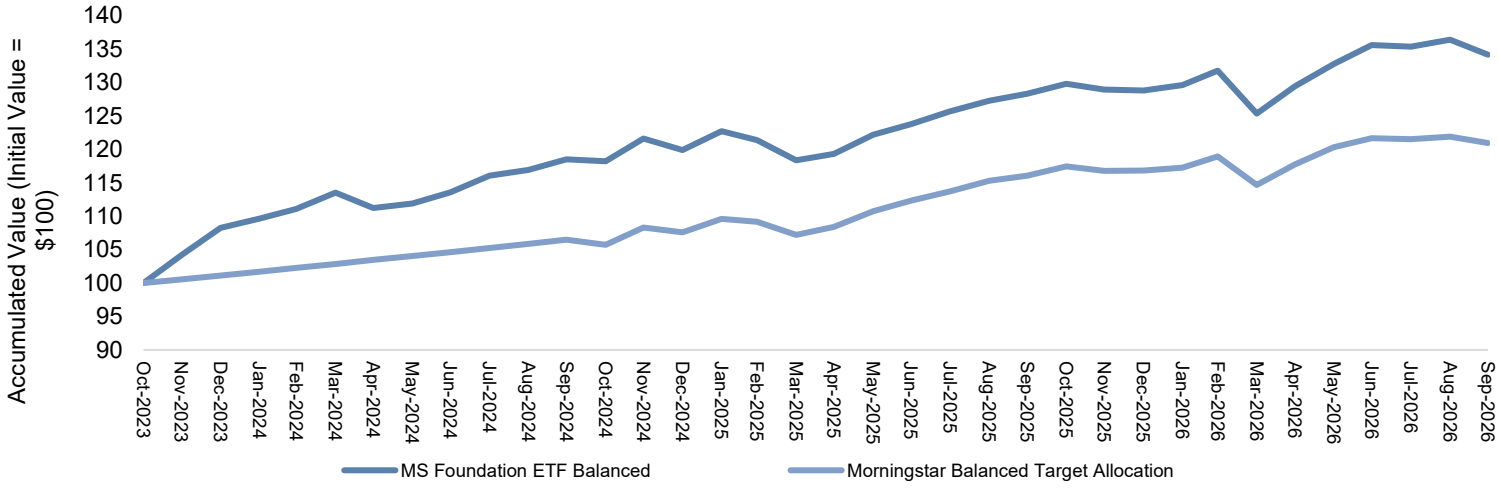
	1 month	3 months	6 months	1 year	2 Years	Since Inception
Portfolio	**-1.63%**	**-1.06%**	**7.05%**	**4.55%**	**6.42%**	**10.60%**
Morningstar Balanced Target Allocation [2]	-0.76%	-0.59%	5.47%	4.20%	6.59%	6.75%
Excess Return	-0.87%	-0.47%	1.58%	0.35%	-0.17%	3.85%

Portfolio positioning





Performance since inception

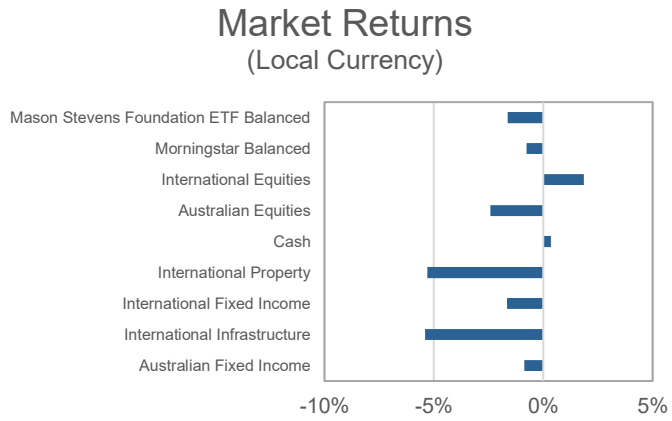


Past performance is not a reliable indicator of future performance.

(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 31/10/2023 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. (2) The benchmark is blended. From 11 months to 30/09/2024 is RBA Cash Rate + 2.50%, and from 1/10/2024 is Morningstar Balanced Target Allocation.

Monthly portfolio commentary

September was a negative month in terms of both absolute and relative returns. The portfolio returned -1.63% versus the -0.76% return for the benchmark. International equities made a positive contribution, led by technology exposures, with BetaShares NASDAQ 100 ETF (NDQ) and BetaShares Asia Technology Tigers ETF (ASIA) gaining 5.9% and 6.6% respectively. Australian equities were the largest detractor as the domestic market weakened, with BetaShares Australia 200 ETF (A200) and BetaShares Australian Quality ETF (AQLT) falling 2.4% and 2.3% respectively. Real assets and private credit also weighed on returns, as VanEck FTSE Global Infrastructure (IFRA) fell 5.3% and Metrics Master Income Trust (MXT) declined 7.2%. The portfolio's US sector positions detracted as well, most notably State Street Financial Select Sector SPDR ETF (XLF), which fell 7.1%. Fixed income was a further drag, with Vanguard International Credit Securities (VCF) and Vanguard Global Aggregate Bond (VBND) falling 2.1% and 1.9% respectively. There were no changes to the portfolio during the month.



Market commentary and outlook

Overview

The key theme in September was the global bond market sell-off. The Fed voted 12-0 to raise rates by 25bps to 3.75%-4.00% at its mid-September meeting, its first hike since 2023, and markets are pricing an additional hike by year-end. The US 10-year yield finished at 5.29%, a level not seen since before the Global Financial Crisis. In Australia, the ASX 200 fell for four straight weeks into the RBA meeting. On 29 September the RBA lifted the cash rate to 4.60%, a 15-year high and its fourth hike this year and left the door open to further increases. In the US, volatility in AI-related stocks took some momentum out of the equity market, and breadth narrowed sharply, with only information technology and communication services finishing in positive territory. In commodities, renewed tensions in the Middle East pushed Brent crude to around US$109 mid-month, before prices eased into month end.

Rising Bond Yields – The Sell-Off Continues

The US 10-year Treasury yield continued its rout, rising ~82bps over the September quarter, one of the largest quarterly increases this century. In Australia, the 10-year yield finished near 5.35%, close to its highest level since 2011. Rising government debt, higher oil prices and heavy corporate bond issuance all added to the pressure. The five largest hyperscalers are expected to spend around US$720 billion on capex in 2026, and their bond issuance had already reached roughly US$220 billion by 10 August, compared with US$109 billion for all of 2025.

Key features

Investment universe
Exchange Traded Funds (ETFs), Listed Managed Funds, LIC, LIT and Cash
Target Return
Morningstar Australia Balanced 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 – up to 0.30% Individual Holdings – 27
Portfolio Managers
Leanne Taylor – Chief Investment Officer, **Andrew Ash** – Head of Manager Research
Investment Committee
Leanne Taylor – Chief Investment Officer, **Andrew Ash** – Head of Manager Research, **Aaron Rayner** – Head of Equities,
Investment Sub-Advisor
The Managed Portfolio is managed by Mason Stevens Asset Management Pty Limited (MSAM) as Investment Sub-Advisor. MSAM is part of the Mason Stevens group of companies.

Central Banks – Tightening in Tandem

The ECB moved first, raising its deposit rate by 25bps to 2.50% on 10 September, following a hike in June. The Fed followed on 16 September with a 25bps increase to 3.75%-4.00%. The Bank of England held at 3.75% on 17 September, although three members voted for a hike. The Bank of Japan then lifted its policy rate to 1.25%, its highest level since 1995, in a split 7-2 decision. The RBA rounded out the month on 29 September, raising the cash rate to 4.60%, its fourth 25bps increase this year. It cited higher energy prices and rapid technology-related price rises and flagged that further hikes remain possible. Energy-driven inflation was the common thread across all five, and markets continue to price further rate increases from the major central banks over the next 12 months.

The AI Trade: A Scare then a Rebound

On 14 September the Philadelphia Semiconductor Index fell 5.9% and Nvidia dropped 3.4% after an essay from Anthropic's CEO argued that frontier AI labs should slow the pace of capability gains. Over the rest of the month, Meta, Microsoft and Alphabet all moved higher as investors began to separate companies that depend on ever-rising AI capex from those that could benefit from reining it in. Meta also launched Muse, a personal AI agent that can run errands, manage schedules and carry out multi-step tasks. Its shares rose 11.3% on 21 September following positive broker commentary, with the move also lifting semiconductor stocks such as AMD and Intel. Some analysts see potential for Muse to gain broad consumer adoption.

Geopolitics – No Progress in Iran

The US-Israeli war with Iran kept energy markets on edge. Early in the month, US strikes on Iranian tankers and Houthi attacks on Saudi Arabia pushed oil higher, and Brent peaked at around US$109. Houthi missile and drone attacks later targeted Riyadh and Aramco's Yanbu facilities, putting the Red Sea export route at risk, although Saudi Arabia was able to restart its East-West pipeline at about half capacity. Prices dipped on 25 September after Iran proposed a seven-day plan to reopen the Strait of Hormuz, but President Trump rejected the offer, leaving the conflict unresolved. Brent finished the month near US$103, helped lower by the completion of the US's 172-million-barrel strategic reserve release announced in March. Refined product flows through Hormuz remain well below pre-war levels.

US Midterms – Implications for Markets

With the US 10-year Treasury yield above 5%, the fiscal outlook is the key market focus through which the election is likely to impact markets. As of 1 October, prediction markets (Polymarket) give the Democrats a 92% chance of winning the House and around 63% for the Senate, making a divided or Democrat-controlled Congress the current base case. Such an outcome would likely reduce the chances of new tax and spending legislation, which could ease some of the upward pressure on long-term yields and the US dollar. A Republican hold would give the administration a clearer path to further tax and spending measures. Markets may view such an outcome as adding to deficit and inflation pressures, with potential to push yields higher, and favour financials, energy and defence. Whatever the result, government funding and debt-ceiling negotiations could bring renewed volatility to Treasuries and the dollar.

Global Trade Policy – Challenges Remain

Trade tensions between the US and Canada escalated sharply. A 50% Section 338 tariff on about C$27.6 billion of Canadian goods took effect on 22 August. Canada retaliated from 8 September with dollar-for-dollar countermeasures on the same value of US imports, targeting steel and aluminium, dairy, appliances, agricultural equipment, pulp and paper, plastics and electronics. Existing counter-tariffs on steel and aluminium rose from 25% to 50% to match US rates. Washington adjusted the scope of its tariffs on 15 September. From 29 September it then replaced the 50% duty on certain Canadian motor vehicles, dairy and alcohol products with an outright import ban. Canada has suspended trade negotiations with the US, while US-Mexico talks on autos, steel and aluminium are continuing. Elsewhere, the US-China trade truce was extended by two months to 10 January following Xi's state visit to the US, with each side cutting tariffs on about US$30 billion of non-sensitive goods.

Key October Macro events

ISM Manufacturing (2nd), US Unemployment (2nd), AU Melbourne Institute Inflation (5th), NAB Business Confidence and Conditions (13th), RBA Minutes (13th), US CPI (14th), Australian Unemployment (15th), Australian CPI (28th), FOMC Rate Decision (29th).

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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 Pty 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 Foundation Managed Portfolio Investment Mandate, available at masonstevens.com.au.

About Mason Stevens
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