

Investment objective and strategy

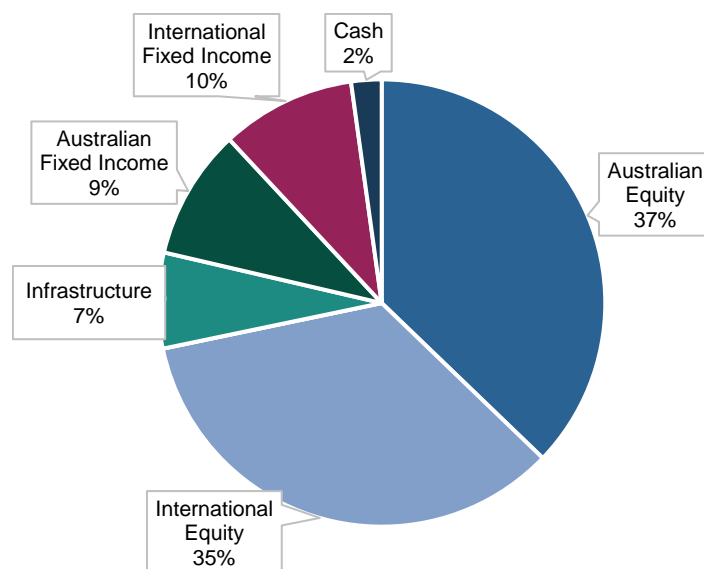
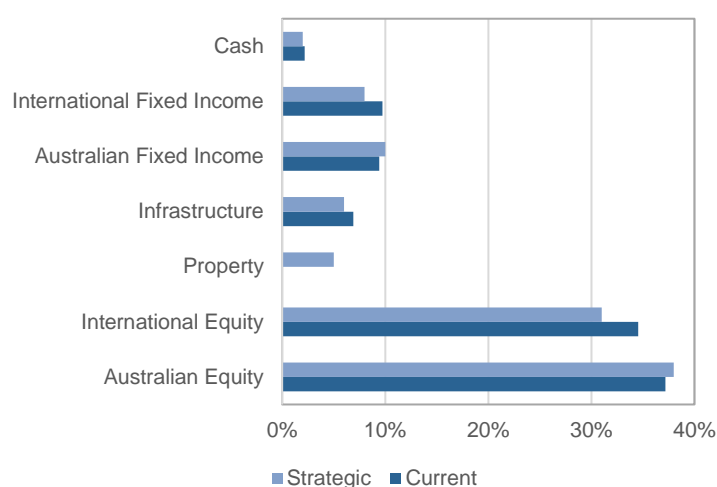
The portfolio is designed as a low-cost, all-in-one multi asset investment solution, with the aim of preserving capital and managing downside volatility/risk.

Portfolio performance as at 29 February 2024¹

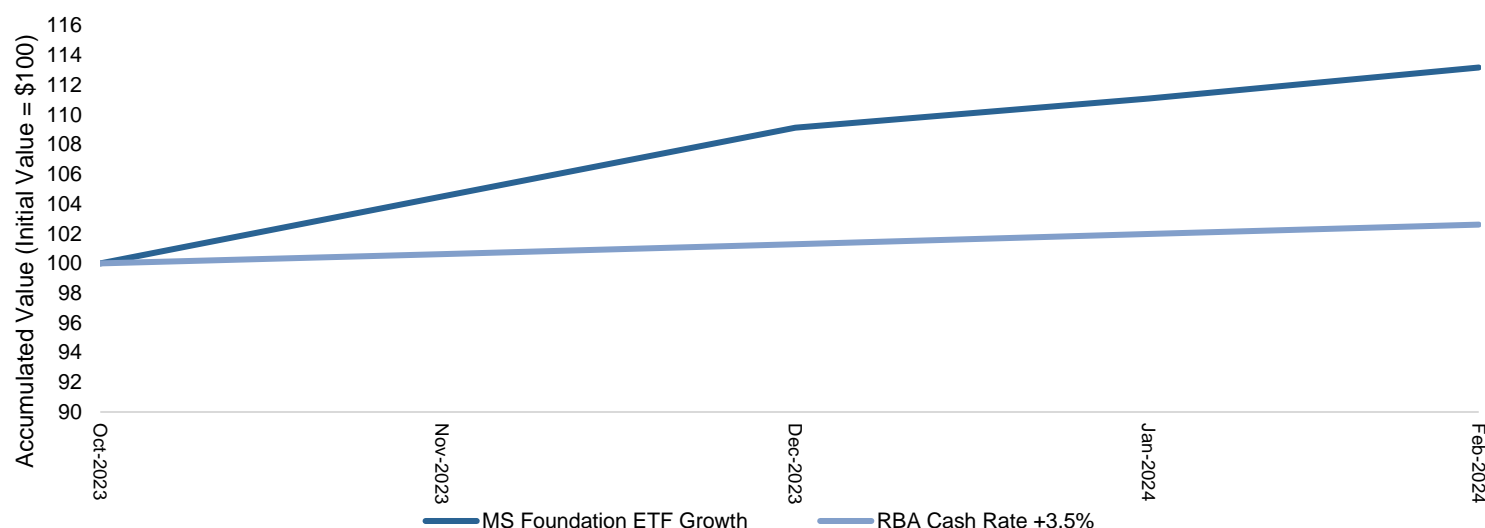
	1 month	3 months	6 months	1 year	Since incep
Portfolio	1.88%	8.30%	n/a	n/a	13.18%
RBA + 3.5% p.a.	0.63%	1.98%	n/a	n/a	2.61%
Excess Return	1.25%	6.32%	n/a	n/a	10.57%

Portfolio positioning

Strategic vs Current Asset Allocation



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.

Monthly portfolio commentary

The portfolio returned 1.88% for the month, even though inflation reared its head within the US CPI and pricing component of the PMI (Purchasing Manufacturing Index). In conjunction with long end rates moving higher approximately 30bp, equities managed to stage a continuation of the bull run which began in early November.

A number of rebalancing trades were completed during the month, much of which was drift back to target weightings across the portfolio however key increases at the margin were in infrastructure, Australian fixed income and international fixed income with a decrease in international equities. International equities have provided substantial returns particularly from the US since November 2023. The portfolio still has an overweight versus SAA (strategic asset allocation) in international equities, however less that it was before the rebalance.

The US earnings season was a main contributor with upside surprises in key names within the mega cap technology complex and the consumer discretionary and healthcare sectors. Breadth has improved substantially in terms of sector performance since the beginning of the year, however small caps still lag the rest of the SP500 index. Small caps are more sensitive to interest rates compared to the mid and large caps and require more certainty on the timing of rate cuts from the Fed.

Credit markets were also well behaved given another month of close to record issuance which was absorbed without much spread impact. The move higher in US treasuries also did little to deter the appetite for investment grade and high yield markets.

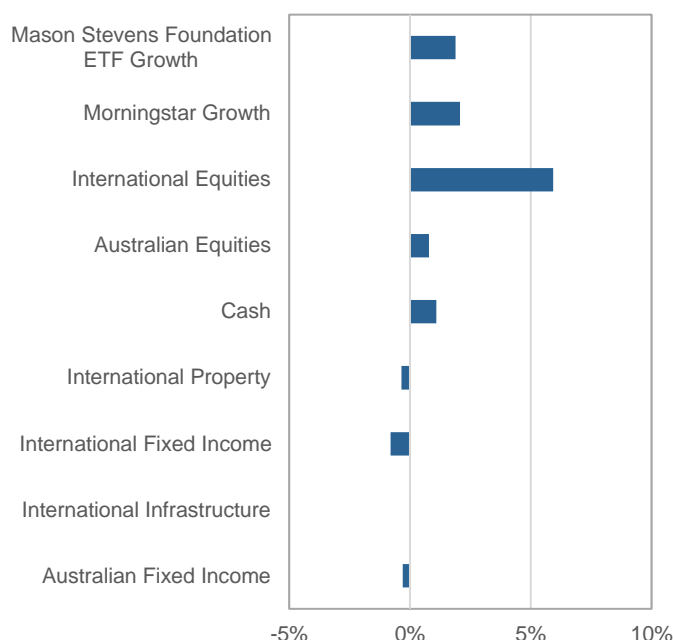
Market commentary and outlook

February was a busy month in terms of both economic and company data being released. On an economic front key data was supportive of the “No Landing” scenario. Services sector PMI (Purchasing Manufacturing Index) saw both Australia and the United States both reaccelerating with China and the Euro Area also trending in the right direction. Additionally, disinflation trends disappointed with some concern coming to the fore around sticky inflation. January economic data is inherently difficult with seasonal adjustments often causing problems.

The US is potentially in another major productivity boom, with the latest data suggesting a major uptick in output per hour – from -2.4% in late 2022 to 2.7% last quarter. Time will tell if this trend continues in the US and also translates to other major developed markets like Australia and Europe. From a long-term viewpoint, there is an argument that the coming AI wave may result in a secular revival in productivity growth. If so, the recent positive surprise in economic growth if it combines with continued disinflation could be a harbinger of what may play out in the longer run. If we indeed relive a disinflationary boom, this could result in a productivity-led economic expansion which should be bullish for Equities.

The bottom line is that the U.S. economy is moving further away from a much-feared recession, and many signs seem to suggest that a productivity-led economic boom may be in the making. If so, investors should be prepared to embrace for an equities market which could extend into a bubble.

Monthly Market Returns
(Local Currency)



Key features

Investment universe

Exchange Traded Funds (ETFs), Listed Managed Funds and Cash

Target Return

RBA Cash Rate + 3.5% p.a.

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 – 23

Portfolio Manager

Jacqueline Fernley - Chief Investment Officer, **Lloyd Mitchell** – Head of Fixed Income & Markets, **Andrew Ash** – Head of Manager Research

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 Foundation ETF Managed Portfolio Investment Mandate, 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.

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