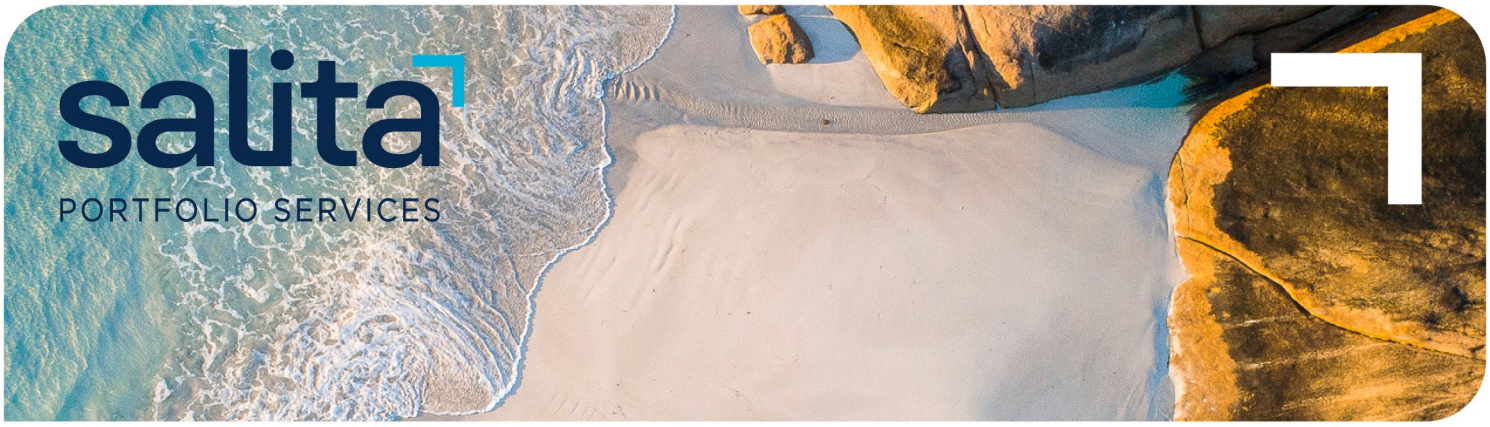

Salita G Series FirstChoice Portfolios
Adviser Guide | November 2025

Salita Portfolio Services

Salita Portfolio Services marks the next step in our commitment to supporting Advisers with modern, scalable portfolio solutions. Backed by Entireti, Salita Portfolio Services (previously Personal Financial Services Investment Management) was established in 2016 and has experience and a proven track record managing portfolios: 10+ years managing multi asset models and portfolios in Australia.

Scale advantages: Scale enables us to negotiate best in market wholesale pricing for underlying funds, giving your clients the best cost advantages available.

Local and Global partnerships: Tapping into institutional quality investment management expertise through our partnership with industry leading investment managers and research providers.

Our team averages 25+ years in the industry, combining seasoned judgment with adviser-aligned expertise.

Ongoing risk governance framework plus Investment Committee with an Independent Chair.

Expertise and experience in delivering highly researched, well governed, quality investment solutions.

Our partners

Salita Portfolio Services draws on a range of external expertise to assist us in providing the best solutions possible.

Our primary asset consultant is Lonsec Investment Solutions (part of Evidentia Group). Lonsec provides us with capital markets assumptions and are an input in our asset allocation decisions.

We have also entered into a strategic partnership with BlackRock and Franklin Templeton. This will give us access, via their solutions businesses, to institutional grade capital market assumptions, asset allocation views, portfolio management tools, and macroeconomic insights. In addition, we will have direct access to some of the world's leading portfolio managers across the full range of asset classes.

Salita Portfolio Services also leverages off the work done by Entireti's Research & Investment team in managing the licensee approved product lists across the network. This includes research insights from Lonsec Research, Morningstar, and Zenith.

Investment Philosophy

At Salita Portfolio Services, our approach to portfolio construction is driven by the following investment principles:

Growing and preserving capital

Our overarching goal is to grow investor wealth over time whilst minimising the risk of permanent capital loss. Whilst negative returns may be experienced over various time periods our focus is to minimise drawdowns and preserve capital over the medium to long term.

An intelligent approach to asset allocation

Our starting point is the Strategic Asset Allocation (SAA) aligned to the G Series Portfolios. The SAA is built around medium to long term capital market assumptions and is reviewed annually to ensure consistency with overall portfolio objectives. We believe that timing the market is difficult and therefore we do not intend to take a short-term tactical asset allocation approach. Rather we interrogate the SAA on a regular basis to determine if changes are warranted to support a high conviction medium term view.

Managing turnover

Consistent with our longer-term approach we aim to keep turnover within the portfolio to a minimum. Part of this approach is to ensure we measure investment products over the appropriate time horizon.

Active and passive investment strategies

We assess the merits of active management across each asset class and will use active management where we have strong conviction that it will lead to a superior outcome, either via outperformance and/or lowering drawdown risk. Typically, this results in a blend of active and passive investment strategies in portfolios.

A focus on fees

Assessing the level and appropriateness of fees, both at the individual investment product and overall portfolio level is an important feature of our approach. Lower fees are the preference but paying an appropriate fee to gain access to superior investment skills is also worthy of consideration.

Diversification

We believe that diversification is an effective way to manage risk. Investing across different styles allows portfolios to be less volatile and have more predictable outcomes and enables portfolios to perform through varied market conditions without being wholly reliant on a particular style (i.e. Growth or Value) being in favour.

Portfolio Construction

Capital Markets Assumptions and Strategic Asset Allocation

The starting point of our portfolio construction is the formulation of Capital Markets Assumptions (CMA) and the setting of the Strategic Asset Allocation (SAA).

CMAs are long-term projections for the expected risk, return, and correlation of asset classes. Key elements of CMA formulation are valuation models that consider a range of financial and economic factors, including views on the secular drivers of markets. In addition, consensus asset class return forecasts are observed, noting directional changes as well as the relativity between asset classes. Historical asset class returns are also analysed.

CMAs form a key input into the setting of the SAA. Other inputs include a review of the investment objectives for each of the portfolio profiles, stress testing for different market environments, assessing a range of risk and return objectives, including the probability of meeting investment objectives. A qualitative review is also undertaken to ensure non-statistical risks are incorporated.

Portfolio Construction contd.

Key elements of our current SAA positioning are:

- A preference for international equities over Australian equities. Assuming a neutral 50/50 Australian/international equity split, the portfolio has more of a 60/40 split in favour of international equities. The rationale is relatively straightforward in that the international equity universe presents a greater opportunity set and allows for a greater portfolio diversification given the concentrated nature of the Australian equity market.
- Global infrastructure is favoured within the property and infrastructure asset class and represents the larger allocation. Global real estate (GREITS) is preferred over Australian REITS (AREITS). Infrastructure provides more stable and predictable cash flows which often come from regulated or contracted sources such as utilities, toll roads, pipelines, and airports. By comparison real estate can be more cyclical and sensitive to broader economic conditions. The concentrated nature of the AREIT market makes it unattractive from a portfolio point of view.
- The fixed income exposure is tilted towards Australian fixed income over international. The prevailing view is that Australian fixed income is offering attractive yields, is of a higher investment grade, and has more defensive characteristics in the expectation of continued volatility. The overall portfolio is lower duration but structural exposure to duration exists, particularly in the more growthier risk profiles. This is a defensive position considering an uncertain economic environment. Short duration income and high yield allocation round off the overall fixed income exposure.
- Currency hedging is currently around 40%-50% of international equity exposure (including infrastructure and GREIT) depending on the risk profile. This is somewhat of a neutral position.
- At this stage the portfolios have no Alternative exposure. We believe that the portfolios can meet their objectives without an allocation to alternatives at this stage. Nevertheless, we will continue to evaluate the possibility of an Alternative allocation.

Portfolio Construction contd.

Capital Market Assumptions and Asset Class Correlations[1]

Asset Class	Compound Total Return	Standard Deviation
Australian Equity[2]	8.86%	14.00%
International Equity (100% unhedged)	6.58%	10.50%
Australian Listed Property	6.27%	16.00%
International Listed Property	6.98%	14.00%
Global Infrastructure	7.34%	10.20%
Alternatives (Global Macro)	6.70%	7.70%
Australian Fixed Interest	4.13%	3.40%
International Fixed Interest	4.02%	3.20%
Cash	3.53%	0.20%

Expected Asset Class Correlations	AE	IE	ALP	ILP	GI	ALTS	AFI	IFI	Cash
Australian Equity	1.00	0.66	0.83	0.79	0.72	0.60	0.25	0.36	0.02
International Equity (100% unhedged)	0.66	1.00	0.63	0.59	0.56	0.61	0.37	0.35	0.12
Australian Listed Property	0.83	0.63	1.00	0.83	0.72	0.57	0.43	0.54	0.08
International Listed Property	0.79	0.59	0.83	1.00	0.84	0.62	0.31	0.56	0.02
Global Infrastructure	0.72	0.56	0.72	0.84	1.00	0.60	0.28	0.51	0.01
Alternatives (Global Macro)	0.60	0.61	0.57	0.62	0.60	1.00	0.25	0.41	0.10
Australian Fixed Interest	0.25	0.37	0.43	0.31	0.28	0.25	1.00	0.81	0.20
International Fixed Interest	0.36	0.35	0.54	0.56	0.51	0.41	0.81	1.00	0.18
Cash	0.02	0.12	0.08	0.02	0.01	0.10	0.20	0.18	1.00

Portfolio Positioning and Fund Selection

Working off the SAA and taking into account the investment philosophy, the next steps are to consider overall portfolio style and to select and blend the underlying funds. To do this we use a range of tools, including Morningstar Direct and Bloomberg. This allows to us to better interrogate the portfolio to understand exposures across a range items like factor, sector, regional exposure as well as duration and credit positioning.

Fund selection was undertaken using both quantitative and qualitative assessments.

Quantitative assessment involved screening the relative universes assessing return and risk characteristics over multiple time periods. This allowed the broader universe to be narrowed down for further qualitative assessments.

Within Australian equities the overall aim was to have a core 'style neutral' portfolio with no overt tilts. A passive allocation was deemed appropriate for diversification and cost purposes. Active growth/core and value managers were selected along with a dedicated small cap manager. Australian small caps can present a unique opportunity for active managers given the inefficient nature of the index.

Similarly, a stye neutral approach was taken for international equities. The passive allocation was also used to express the current hedging position of the portfolios. A dedicated emerging market equity exposure for G50 and above portfolios is in place. This provides for further opportunities given that most international equity managers focus on developed markets with emerging markets providing exposure to different drivers of growth.

The fixed income allocation was segmented into four key areas:

- Australian fixed income core – allocating to a benchmark aware exposure.
- Australian fixed income short maturity – allocating to a more income oriented, short duration exposure.
- Global fixed income core – allocating to a benchmark aware global bond exposure.
- Global high yield – allocating to a shorter duration, income focused exposure.

Each of the products selected have either a Highly Recommended or Recommended rating from Lonsec and/or Zenith. A number also have positive Morningstar qualitative ratings.

Salita G Series FirstChoice Portfolios

The Salita G Series FirstChoice portfolios represent our best ideas utilising our research and portfolio construction efforts across the range of risk profiles. Each portfolio is identified by a growth allocation with six portfolios in total: G20, G30, G50, G70, G85, and G100.

The portfolios have a CPI+ objective across the profiles as well as being benchmarked against the relevant Morningstar category benchmarks as outlined below. The portfolios use active managers primarily with an allocation to passive in the Australian and international equity allocations. On a post-fee basis, we anticipate that active management can add value over the cycle and importantly protect the portfolio in down markets. As such, we expect that these portfolios may lag in very strong markets but provide better downside protection. We believe this trade off will better serve investors over the long term.

Portfolio	Time Horizon (years)	CPI+ objective (%)	Morningstar Benchmark
G20	2+	0.50	Morningstar AUS Conservative Tgt Alloc NR AUD
G30	3+	0.75	Morningstar AUS Moderate Tgt Alloc NR AUD
G50	5+	1.50	Morningstar AUS Balance Tgt Alloc NR AUD
G70	7+	2.50	Morningstar AUS Growth Tgt Alloc NR AUD
G85	9+	3.25	Morningstar AUS Aggressive Tgt Alloc NR AUD
G100	10+	3.75	Morningstar AUS Aggressive Tgt Alloc NR AUD

Portfolio	G20	G30	G50	G70	G85	G100
Expected Return	4.65%	5.02%	5.73%	6.35%	6.86%	7.35%
Standard Deviation	3.32%	4.11%	5.93%	7.39%	8.68%	10.00%
Magnitude of a negative return over 1 year (3 Standard Deviations)	-5.32%	-7.31%	-12.06%	-15.82%	-19.19%	-22.64%

Salita G Series FirstChoice Portfolios contd.

Funds/ETFs included in the Salita G Series FirstChoice Portfolios

CFS Index Australian Share
A capable replication by First Sentier Investors providing passive exposure to the S&P/ASX 300 Accumulation Index.

Ausbil Australian Active Equity
A well established and experienced capability with a style agnostic approach underpinned by a top-down macroeconomic approach to identify sectors with strongest earnings growth and earnings revisions over the next 12 months. A fundamental, bottom-up process is then applied to select the most attractive companies.

RQI Australian Value
A systematic and transparent approach with a value tilt. Underpinned by a highly qualified team that has navigated value headwinds much better than their value peers and outperforming the broader index.

Pendal Smaller Companies
The co-PMs are part of one of the best resourced investment teams in the Australian equity market with a strong long term track record. The portfolio is built using 'bottom up' analysis with a core/style neutral approach.

CFS Index Global Share (plus hedged)
A well established and capable replication by State Street Investment Management of the MSCI All Country World Ex-Australia Equities Index.

RQI Global Value
A systematic and transparent approach with a value tilt. Underpinned by a highly qualified team that has navigated value headwinds much better than their value peers and outperforming the broader index.

Ironbark Brown Advisory Global Share
A relatively new strategy brought to market by Ironbark from Baltimore headquartered Brown Advisory. The experienced London based PMs use a fundamental approach to identify high quality companies with strong leadership positions and high return on invested capital. A concentrated 30-40 stock portfolio.

RQI Emerging Markets Value
A systematic and transparent approach with a value tilt. Underpinned by a highly qualified team that has navigated value headwinds much better than their value peers. An approach that works in emerging markets as well as developed markets.

Resolution Capital Global Property Securities
A highly structured investment process with a total return focus resulting in a concentrated portfolio offering opportunities for outperformance. A stable and long-standing portfolio management team spread across Australia and the US.

ClearBridge Infrastructure Value
A high quality and stable team, one of the largest in its peer group. A 'pure infrastructure' value-oriented approach with a strong focus on the yield quality of underlying assets. Companies in the portfolio will have monopolistic characteristics with relatively stable/predictable cash flows.

Western Asset Australian Bond
An experienced team with access to the global Western Asset platform. The process is underpinned by an ability to systematically identify mispriced securities. A benchmark aware approach with +/- 1 year interest rate duration limits.

Schroder Absolute Return Income
A well-respected portfolio management team with an unconstrained approach. Invested in Australian and global debt markets, allocating to floating and fixed instruments, delivering a monthly income.

PIMCO Global Bond
Deep and experienced portfolio management team backed by the resources of one of the world's largest bond managers. The portfolio composition is influenced by top-down firm-wide views emanating from internal secular and cyclical forums.

Bentham Global Income Fund
An experienced PM ably supported by a broader investment team. Additional support comes from the New York based UBS (formerly Credit Suisse) Credit Income Group providing access to global syndicated loan and global high yield opportunities.

FSI Strategic Cash
An actively managed portfolio of high-quality money market securities with predominantly short maturities aiming to outperform the Bloomberg AusBond Bank Bill Index over rolling three-year periods.

Salita G Series FirstChoice Portfolios contd.

G Series Accumulation Portfolios	APIR (Super/Pension)	G20	G30	G50	G70	G85	G100
Australian Equities		**7%**	**10%**	**17%**	**24%**	**28%**	**32%**
CFS Index Australian Share	FSF0581AU/FSF0513AU	7%	3%	5%	6%	7%	8%
Ausbil Australian Active Equity	FSF0585AU/FSF0517AU	0%	4%	6%	7%	8%	9%
RQI Australian Value	FSF1003AU/FSF0998AU	0%	3%	6%	7%	8%	9%
Pendal Smaller Companies	FSF0778AU/FSF0765AU	0%	0%	0%	4%	5%	6%
International Equities		**10%**	**15%**	**25%**	**36%**	**44%**	**51%**
CFS Index Global Share	FSF0622AU/FSF0549AU	7%	3%	4%	5%	6%	7%
CFS Index Global Share - Hedged	FSF0835AU/FSF0829AU	3%	3%	8%	12%	12%	15%
RQI Global Value	FSF1005AU/FSF1000AU	0%	4%	6%	7%	10%	11%
Ironbark Brown Advisory Global Share	FSF0627AU/FSF0554AU	0%	5%	7%	9%	12%	13%
RQI Emerging Markets Value	FSF1223AU/FSF1209AU	0%	0%	3%	3%	4%	5%
Property & Infrastructure		**3%**	**5%**	**8%**	**10%**	**13%**	**15%**
Resolution Capital Global Property Securities	FSF8077AU/FSF6318AU	0%	0%	3%	3%	4%	5%
Clearbridge Infrastructure Value	FSF0953AU/FSF0944AU	3%	5%	5%	7%	9%	10%
Fixed Interest		**60%**	**55%**	**42%**	**25%**	**12%**	**0%**
Western Asset Australian Bond	AIL6499AU/AIL7888AU	15%	14%	11%	6%	7%	0%
Schroder Absolute Return Income	FSF0649AU/FSF0577AU	19%	18%	14%	8%	0%	0%
PIMCO Global Bond	FSF1393AU/FSF1399AU	12%	11%	8%	5%	5%	0%
Bentham Global Income	AIL5072AU/AIL7406AU	14%	12%	9%	6%	0%	0%
Cash		**20%**	**15%**	**8%**	**5%**	**3%**	**2%**
FSI Strategic Cash	FSF0610AU/FSF0538AU	18%	13%	6%	3%	0%	0%
Total Growth Assets		**20%**	**30%**	**50%**	**70%**	**85%**	**98%**
Total Defensive Assets		**80%**	**70%**	**50%**	**30%**	**15%**	**2%**
Total		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Indicative Fees[3]	G20	G30	G50	G70	G85	G100
Fee (Super)	0.68%	0.77%	0.78%	0.79%	0.80%	0.81%
Fee (Pension)	0.68%	0.77%	0.78%	0.79%	0.80%	0.81%

Salita G Series FirstChoice Investment Portfolios

In addition to the Salita G Series Managed Accounts on CFS FirstChoice Super and Pension, two Salita G Series portfolios have been added to the FirstChoice Investments menu. Salita G50 and G85 are available as individual funds. Whilst the underlying managers and asset allocation are identical to the Salita G50 and G85 managed accounts available on the super and pension menu, the construct within the investment menu is identical to a traditional multi-manager.

The Salita G50 and G85 funds on the investment menu can also be blended to match many client's appropriate risk profile growth/defensive asset allocation. Salita G50 and G85 were selected based on feedback from CFS suggesting that much of the assets within FirstChoice Investments is oriented towards a more growth profile.

Note that blending of managed accounts with the super and pension menus is not possible. Clients must be allocated to one managed account only.

Portfolio	APIR	Fee	Morningstar Benchmark
Salita G50	FSF9713AU	0.78%	Morningstar AUS Balance Tgt Alloc NR AUD
Salita G85	FSF5078AU	0.80%	Morningstar AUS Aggressive Tgt Alloc NR AUD

Find out more about Salita Portfolios
salitaportfolioservices.com.au

1. **Source:** Lonsec Investment Solutions. October 2024. Analytics shown is a forecast, not a prediction. The projected balance and returns are only estimates, actual returns may be higher or lower.
2. Total return incorporates franking.
3. Indicative fees include 0.20% platform administration fee. Please refer to the relevant PDS for full details of fees.

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