

Investment objective

Aims to outperform the S&P/ASX 200 Accumulation Index (**Index**) over the medium to long term (before fees). It aims to provide capital growth and some income.

Key information

Fund details

APIR code	MAQ0443AU
Inception date	29 November 2005
Fund size	\$243.3m
Distribution frequency	Quarterly
Management fee*	0.60% pa
Minimum investment (Direct)	\$20,000
Unit prices and spreads	macquarie.com.au/unit_prices

*Read the Product Disclosure Statement for more details on fees and costs.

Fund performance to 31 July 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	1.44	1.39	1.10	0.29
3 months (%)	6.23	6.07	5.80	0.27
1 year (%)	30.05	29.28	28.56	0.72
3 years (% pa)	11.79	11.13	9.47	1.66
5 years (% pa)	14.19	13.16	10.04	3.12
Since inception (% pa)	12.52	11.06	7.46	3.60

Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

Top 3 stock attribution (alphabetical)

[REDACTED]
BHP Group
IGO Ltd
Seven Group Holdings

Italics denote underweight

Top 5 overweight positions (alphabetical)

[REDACTED]
Aristocrat Leisure Limited
BHP Group
IGO Ltd
Oz Minerals Limited
Seven Group Holdings

Bottom 3 stock attribution (alphabetical)

[REDACTED]
Santos
Seek Ltd
<i>Sydney Airport</i>

Italics denote underweight

Macquarie Australian Shares Fund

Monthly report – 31 July 2021

Fund highlights

The Fund finished the month up 1.39% (post-fees), outperforming the benchmark by 0.29%.

The largest contributors to relative performance for the month included overweight positions in IGO Limited (IGO), Seven Group (SVW) and BHP Group (BHP).

Lithium and metals miner IGO Limited outperformed throughout July. Many of IGO's key production assets are benefitting from strong price growth due to the shift to clean energy, such as lithium, cobalt and nickel. On 30 June 2021 IGO finalised its joint venture deal with Chinese Lithium giant Tianqi Lithium Corporation, which will see IGO take 25% ownership of Tianqi's Greenbushes lithium mine in WA and 49% of the nearby Kwinana processing plant.

The greatest detractors from relative performance included an underweight position in Sydney Airport (SYD), and overweight positions in Santos (STO) and Seek (SEK).

Sydney Airport (SYD) outperformed in July after announcing that it had received a takeover offer from a consortium of infrastructure investors. Whilst the \$22b offer inferred a 40% premium to the current price, the board rejected the offer noting that they believe the proposal undervalues the company's post-COVID growth prospects.

As 31 July 2021, the largest overweight positions in the Fund were IGO Limited (IGO), BHP Group (BHP) and Aristocrat Leisure (ALL).

Market overview

The Australian market rose again during July, marking the 15th positive month out of the past 16. The S&P/ASX 200 Accumulation Index and the S&P/ASX 300 Accumulation Index finished up 1.10% and 1.11% respectively.

The Australian market underperformed the Developed Markets Index (+1.7%) and US market (+2.4%) throughout July. An outlier during the month was China, which fell almost 14% due to regulatory crackdowns and ongoing concerns regarding slowing growth. The rapid spread of the Delta strain globally saw some COVID-19 concerns re-emerge, however the global vaccine rollout continued to gather pace with 15% of the global population now fully vaccinated.

In Australia, the arrival of the Delta strain has spelled the end of a successful streak of snap lockdowns in controlling small COVID-19 outbreaks. At the time of writing over 16 million people across the eastern seaboard were locked down, with the Sydney epicentre continuing to see record daily case numbers as it enters its 7th week of lockdown. Pleasingly, Australia is also seeing record weekly vaccination numbers, government stimulus programs have been implemented swiftly and the swathe of capital raisings through 2020 means that balance sheets are generally strong. Accordingly, Australian equities seem to be showing more resilience compared to previous lockdowns.

Australia's reporting season kicked off in late July, which will see the majority of companies reporting their half-year results throughout August. Rio Tinto opened the season with a bang, announcing the largest half year dividend in Australian corporate history at \$9.1bn. Investors will be closely watching the impact of growing cost pressures, as well as the operating momentum of COVID winners/losers as the economy and consumer demand patterns continue to normalise.

The Materials sector (+7.1%) was the best performer for the month, driven by BHP Group (BHP, 10%), IGO (IGO, 22%) and Mineral Resources (MIN, 17%). Technology (-6.9%) was the worst performing sector, driven by falls in Afterpay (APT, -18%) and Computershare (CPU, -8%).

Commodity prices moderated in July, with Brent oil prices down 3.0% to US\$72.89/bbl and Iron ore down 11.4%. A risk-off sentiment drove investors to gold, lifting the price 2.7% throughout the month.

Global bond yields drifted lower throughout the month, with the US 10 year government bond yield falling 0.15% to 1.23% and the Australian 10 year government bond yield down 0.23% to 1.18%.

The AUD depreciated 1.6c against the USD during April to US\$0.735. In the domestic economy, the RBA maintained the cash rate at 0.15%.

Outlook

Whilst Australia scrambles to control its Delta strain outbreak with lockdown measures and vaccine efforts, investors have not reacted as they did during the initial 2020 outbreak. Consumers have demonstrated a tendency to continue spending during a lockdown and investors have learned that growth can rebound quickly once an economy is reopened. For the months ahead, key factors influencing market sentiment will include the spread of the Delta strain, the pace of the global vaccine rollout, movements in bond yields and inflation, and the impact of domestic stimulus measures on the local economy.

Macquarie Australian Shares Fund

Monthly report – 31 July 2021

For more information speak to your financial adviser, call us on 1800 814 523, email mim.clientservice@macquarie.com or visit macquarie.com

Important information

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