

### 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	\$256.2m
Distribution frequency	Quarterly
Management fee*	0.60% pa
Minimum investment (Direct)	\$20,000
Unit prices and spreads	<a href="https://www.macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

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

### Fund performance to 31 August 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	2.69	2.64	2.50	0.14
3 months (%)	6.00	5.84	5.97	-0.13
1 year (%)	29.23	28.46	28.15	0.31
3 years (% pa)	12.54	11.87	9.86	2.01
5 years (% pa)	15.02	13.99	10.93	3.06
Since inception (% pa)	12.64	11.18	7.59	3.59

#### 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)

*Rio Tinto*

Uniti Group Ltd

*Woodside Petroleum*

Italics denote underweight

#### Top 5 overweight positions (alphabetical)

Aristocrat Leisure Limited

Charter Hall Group

IGO Ltd

Oz Minerals Limited

Seek Ltd

#### Bottom 3 stock attribution (alphabetical)

BHP Group

Seven Group Holdings

*WiseTech Global Ltd*

Italics denote underweight

# Macquarie Australian Shares Fund

Monthly report – 31 August 2021

## Fund highlights

The Fund finished the month up 2.64% (post-fees), outperforming the benchmark by 0.14%.

The largest contributors to relative performance for the month included overweight positions in Uniti Group (UWL), James Hardie (JHX), and Aristocrat Leisure (ALL), and underweights in Rio Tinto Limited (RIO) and Woodside Petroleum Ltd (WPL).

Global building materials company James Hardie (JHX) outperformed on the back of an impressive earnings result that saw material increases in profits. In particular, JHX's North American and Asia Pacific divisions drove earnings higher with the North American division benefitting from the general 're-opening' trend observed in much of the northern hemisphere in recent months.

Telecommunications company Uniti Group (UWL) outperformed following the release of full-year results for FY21. UWL achieved revenue of \$160m for FY21, representing an increase of 175% from the previous year. This jump in revenue was largely the result of the company's various acquisitions and increased number of premises connected to UWL's network.

The largest detractors from relative performance included overweight positions in BHP Group and Seven Group Holdings (SVW), and an underweight position in WiseTech Global (WTC).

WiseTech Global (WTC) performed strongly following the release of a stellar full year result. The logistics solutions platform provider delivered revenue and EBITDA that significantly beat expectations. Company management cited that market penetration has gained pace with six new global rollouts secured in FY21 and the signing of FedEx post 30 June 2021.

As 31 August 2021, the largest overweight positions in the Fund were Aristocrat Leisure (ALL), Oz Minerals (OZL) and IGO Limited (IGO).

## Market overview

The Australian market rose again during August, marking the 16th positive month out of the past 17. The S&P/ASX 200 Accumulation Index and the S&P/ASX 300 Accumulation Index finished up 2.50% and 2.61% respectively.

August saw positive returns for global markets, as the S&P 500 and MSCI Developed Markets index returned 3.0% and 2.7% respectively. The delta variant continues to drive a surge in global COVID cases. Global COVID cases passed 216m in August, a material increase from the 196m cases at the end of July. Pleasingly, the global vaccine rollout continues and as at the end of August, 5 billion COVID vaccines had been administered, with 39.7% of the world's population having received at least one dose.

Reporting season was the focus for many domestic investors throughout August. Across the market, only 31% of companies missed expectations, with consensus FY22 earnings downgraded by a modest 1.5%, largely due to downgrades in COVID 'losers'. However, given rising vaccination rates and a shift in political rhetoric in favour of living with COVID, it appears the market is largely looking through COVID-driven downgrades. Other themes that emerged include globally exposed companies performing strongly as the re-opening trade continues, particularly offshore. Capital management was another highlight of reporting season with many dividend 'beats' across the board. This suggests many companies believe their balance sheets are in good health and are instead choosing to return excess cash to shareholders in the form of dividends and buybacks. While companies are taking COVID impacts into consideration when providing guidance, it seems they have more certainty around the extent of disruption of COVID on their specific operations.

In sector news, Information Technology (+17.0%) was the best performing sector, outperforming the next best sector (Consumer Staples, +6.9%) by more than 10%. Interestingly, both Consumer Staples (+6.9%) and Health Care (+6.8%) were strong performers despite having relatively weak earnings results. Their relative outperformance was likely driven by the cyclical tilt towards defensive names. Mining (-9.1%) was the worst performer, driven by the continued pull back in iron ore prices.

Growth (+4.4%) was the best performing factor last month, driven by stock specific movements in large technology names such as Afterpay (+39.0%) and WiseTech (+57.0%). Supported by the general decline in long term bond yields since March, Growth has outperformed Value over the past 6 months.

On the commodities front, iron ore prices fell 18% on the back of weaker Chinese steel demand. Brent oil prices decreased \$3/bbl to \$73/bbl as global concerns around the Delta variant spread. Gold was down slightly (-0.60%).

Global bond yield retraced in August on moderating inflation expectations, with the US 10 year government bond yield falling 0.21% to 1.23%. US Fed Chair Powell's comments at the annual Jackson Hole conference suggest a taper announcement is likely to occur soon. In contrast Australian 10 year bond yields stayed relatively flat, with 10 year yields declining a modest 0.02% to 1.16%, likely due to local lockdown related uncertainty.

The AUD depreciated 0.4c against the USD during August to US\$0.731. 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.

The August reporting season provided another window into how companies are performing through these unprecedented times. We continue to monitor the ongoing developments relating to COVID and which companies are best placed to benefit over the medium-term. The vaccination rollout over the coming weeks and months will be critical for the performance of companies, sectors and factors going forward.

## Macquarie Australian Shares Fund

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com) or visit [macquarie.com](http://macquarie.com)**

### **Important information**

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFS Licence 238321 is the issuer of units in, and responsible entity of the Fund.

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