

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	\$252.5m
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 30 September 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-1.65	-1.69	-1.85	0.16
3 months (%)	2.46	2.31	1.71	0.60
1 year (%)	30.83	30.05	30.56	-0.51
3 years (% pa)	12.46	11.79	9.64	2.15
5 years (% pa)	14.69	13.67	10.41	3.26
Since inception (% pa)	12.45	11.00	7.42	3.58

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]
<i>Rio Tinto</i>
Santos
Whitehaven Coal Limited

Italics denote underweight

Bottom 3 stock attribution (alphabetical)

[Redacted]
BHP Group
<i>Macquarie Group</i>
<i>Woodside Petroleum</i>

Italics denote underweight

Top 5 overweight positions (alphabetical)

[Redacted]
Aristocrat Leisure Limited
IGO Ltd
Medibank Private Ltd
Oz Minerals Limited
Santos

Macquarie Australian Shares Fund

Monthly report – 30 September 2021

Fund highlights

The Fund finished the month down 1.69% (post-fees), outperforming the benchmark by 0.16%.

The largest contributors to relative performance for the month included overweight positions in Santos (STO), Whitehaven Coal (WHC) and an underweight position in Rio Tinto (RIO).

Oil producer Santos (STO) was strong, as the re-opening of the global economy lifted energy demand whilst supply remains disrupted.

The largest detractors from relative performance included overweight positions in BHP Group, and underweight positions in Macquarie Group (MQG) and Woodside Petroleum (WPL).

Iron ore giant BHP Group (BHP) underperformed as the combination of softening demand, reduced steel output, energy shortages and debt issues in China have put iron ore prices under pressure.

Woodside Petroleum benefitted from stronger energy prices, particularly LNG prices.

As 30 September 2021, the largest overweight positions in the Fund were Aristocrat Leisure (ALL), Oz Minerals (OZL) and Santos (STO).

Market overview

The Australian market fell during September, marking only the second negative month of the past 18. The S&P/ASX 200 Accumulation Index and the S&P/ASX 300 Accumulation Index finished down 1.85% and 1.89% respectively.

Despite the fall, the Australian market outperformed most other global equity markets, particularly the US (-4.7%) and China (-4.9%). The pullback was driven by a number of factors. Markets were focussed on China as property giant Evergrande faced debt woes with payment deadlines looming. Staying in China, regulatory tightening and a decarbonisation push softened crude steel demand and triggered further falls in the price of iron ore and other industrial metals. In the US, more hawkish tones from the Federal Reserve lifted global bond yields and another brush with the US debt ceiling caused some mild uncertainty. More broadly, an energy demand rebound off COVID-19 lows combined with transport disruptions caused a number of regional markets to see steep rises in prices, with natural gas up 34%, thermal coal +21%, and Brent oil up 7%.

In the domestic market, the jump in energy prices resulted in a stellar return for the Energy sector (+16.7%), materially outperforming the next best sector (Utilities, +2.5%). Materials (-9.3%) was the worst performer, driven down again by the continued pull back in iron ore prices. Whilst COVID-19 cases continued to rise in Victoria, NSW now has a clear roadmap out of lockdown including the reopening of many retail and hospitality businesses in October. This saw re-opening names generally outperform.

On the commodities front, weaker Chinese steel demand persisted which drove iron ore prices down 44% for the month. The spike in energy demand amidst logistics issues drove Brent oil prices up \$6/bbl to \$79/bbl. Gold fell 3.4% as the Fed signalled a sooner-than-expected rate hike.

Optimistic Fed comments lifted global bond yields in September, with the US 10 year government bond yield rising 0.24% to 1.52%. Australian 10 year bond yields followed, up 0.33% to 1.49%.

The AUD depreciated 0.9c against the USD during September to US\$0.722. In the domestic economy, the RBA maintained the cash rate at 0.15%.

Outlook

With New South Wales and Victoria edging towards reopening in October, the focus will be on how the national economy reacts given the level of pent-up demand in the two largest states. Previous re-openings have seen a strong and immediate snapback in activity. The uncertainty this time is whether higher levels of COVID circulating through the community, albeit offset by high vaccination rates, will affect the strength of the recovery.

The local market is entering 'AGM season' and initial earning updates have generally been positive, following a broadly positive reporting season in August. Solid earnings growth, accompanied by accommodative monetary and fiscal policy is likely to remain supportive for equities.

Macquarie Australian Shares Fund

Monthly report – 30 September 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

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.

The information in this report is provided for general information purposes only and is not, and should not be construed as, an advertisement, an invitation, an offer, a solicitation of an offer or a recommendation to participate in any investment strategy or take any other action, including to buy or sell any product offered by any member of the Macquarie Group. The above information is not personal advice and does not take into account the investment objectives, financial situation or needs of any person. The Fund is designed for investors who are seeking capital growth, are intending to use the Fund as a satellite within a portfolio, have a medium to long-term investment timeframe, have a high or very high risk/return profile and require the ability to have daily access to capital. Please review the Target Market Determination available at macquarieim.com/TMD and consider if the Fund may be suitable for you. Investors should consider the offer document of the Fund in deciding whether to acquire or continue to hold units in the Fund. The offer document is available by contacting us on 1800 814 523. Past performance is not a reliable indicator of future performance.

Future results are impossible to predict. In preparing this document, reliance may have been placed, without independent verification, on the accuracy and completeness of information available from external sources. This report may also include opinions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements. Forward-looking statements constitute the investment manager's judgement as at the date of preparation of this report and are subject to change without notice. To the maximum extent permitted by law, no member of the Macquarie Group nor its directors, employees or agents accept any liability for any loss arising from the use of this document, its contents or otherwise arising in connection with it.

Other than Macquarie Bank Limited (**MBL**), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.