

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	\$253.8m
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 October 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	0.55	0.50	-0.10	0.60
3 months (%)	1.56	1.41	0.51	0.90
1 year (%)	28.74	27.98	27.96	0.02
3 years (% pa)	15.27	14.58	11.91	2.67
5 years (% pa)	15.64	14.63	10.87	3.76
Since inception (% pa)	12.42	10.98	7.37	3.61

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)

IGO Ltd

Oz Minerals Limited

Rio Tinto

Italics denote underweight

Top 5 overweight positions (alphabetical)

Aristocrat Leisure Limited

CSR Limited

IGO Ltd

Oz Minerals Limited

Santos

Bottom 3 stock attribution (alphabetical)

Macquarie Group

Medibank Private Ltd

Whitehaven Coal Limited

Italics denote underweight

Macquarie Australian Shares Fund

Monthly report – 31 October 2021

Fund highlights

The Fund finished the month up 0.50% (post-fees), outperforming the benchmark by 0.60%.

The largest contributors to relative performance for the month included overweight positions in Oz Minerals (OZL), IGO Ltd (IGO), and an underweight position in Rio Tinto (RIO).

Diversified miner IGO Ltd (IGO) outperformed after releasing its quarterly update. Management confirmed production from its Nova operation was within guidance whilst costs were lower than expected. They also provided a positive update on the progress of the company's lithium joint venture with Tianqi Lithium Corporation.

The largest detractors from relative performance included overweight positions in Whitehaven Coal (WHC) and Medibank (MPL), and an underweight position in Macquarie Group (MQG).

Whitehaven Coal (WHC) reversed strong recent gains after intervention by the Chinese government triggered a sell-off in coal futures. Chinese authorities announced a number of administrative measures aimed at controlling domestic thermal coal prices, which would have the effect of reducing the competitiveness of Australian coal.

As 31 October 2021, the largest overweight positions in the Fund were Aristocrat Leisure (ALL), IGO Ltd (IGO) and Santos (STO).

Market overview

The Australian market was broadly flat in October, with the S&P/ASX 200 Accumulation Index finishing down 0.10% and the S&P/ASX 300 Accumulation Index finishing the month up 0.10%

Australian shares largely missed out on the optimism seen across other developed markets, with the Developed Markets Index returning 5.5% and the S&P 500 (US) climbing 7.0%. The impressive performance out of the US was driven by a strong earnings season and lower volatility. Domestic bond yields moved higher with the Australian 10-year bond rate jumping 59bps to 2.08% while US yields lifted only 2bps to 1.55% having moved sharply in September. Both Sydney and Melbourne emerged from lockdown in October and global travel is set to return with restrictions and quarantine requirements for international arrivals scheduled to be eased in some states in November.

During September and October, approximately half of all ASX200 companies held their annual general meetings with almost all held virtually again due to COVID-19. Market updates were broadly positive however a key theme throughout this AGM season has been the increase in shareholder resolutions, particularly those regarding climate change. These resolutions, put forward by shareholder groups and activist investors, demand more rigorous reporting and action on emissions.

Technology (+2.1%) was the best sector in the domestic market for October, driven by Appen (APX, +20.0%), Nearmap (NEA, +16.6%) and Xero (XRO, +7.6%). Industrials (-3.2%) underperformed with the Food and Beverages segment particularly weak, driven by falls in Treasury Wines (TWE, -7.2%), and Costa Group (CGC, -10.7%).

Commodities were mixed in October, with iron ore down \$3 to \$108/Mt as Chinese steel production continued to moderate, however Oil prices climbed \$6 to \$84/bbl and gold lifted \$26 to \$1,769/oz.

The AUD appreciated 2.9c against the USD during October to US\$0.751. In the domestic economy, the RBA maintained the cash rate at 0.10%.

Outlook

With lockdown restrictions across New South Wales and Victoria now significantly eased, the focus will shift to the speed and strength of the economic recovery. Pent-up demand combined with high savings rates and the 'wealth effect' from record house prices should provide a firm footing for continued growth in corporate earnings.

Globally, the commencement of tapering by the US Fed and the outcomes of the COP26 Climate Conference will be key themes for investors to monitor throughout November and December.

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 or visit macquarie.com

Important information

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