

### 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	\$238.4m
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 January 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	-6.22	-6.27	-6.35	0.08
<b>3 months (%)</b>	-3.79	-3.92	-4.30	0.38
<b>1 year (%)</b>	11.30	10.66	9.44	1.22
<b>3 years (% pa)</b>	13.05	12.38	9.77	2.61
<b>5 years (% pa)</b>	12.82	11.85	8.50	3.35
<b>Since inception (% pa)</b>	11.96	10.53	6.97	3.56

#### 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)

<b>[REDACTED]</b>
BHP Group
IGO Ltd
Santos

Italics denote underweight

#### Top 5 overweight positions (alphabetical)

<b>[REDACTED]</b>
Aristocrat Leisure Limited
Bluescope Steel Limited
CSR Limited
IGO Ltd
Santos

#### Bottom 3 stock attribution (alphabetical)

<b>[REDACTED]</b>
<i>Rio Tinto</i>
Sonic Healthcare Limited
<i>Woodside Petroleum</i>

Italics denote underweight

# Macquarie Australian Shares Fund

Monthly report – 31 January 2022

## Fund highlights

This month, the Fund finished -6.27% (post-fees), outperforming the benchmark by 0.08%.

The largest contributors to relative performance for January included an overweight position in BHP Group Ltd (BHP), and overweight positions in Santos (STO) and IGO Ltd (IGO).

BHP Group Ltd (BHP) outperformed this month due to an ongoing rebound in iron ore prices. The unification of its dual-listed corporate structure was also completed in January, which led to BHP becoming the largest ASX company in the share market.

IGO Ltd (IGO) outperformed again this month, as lithium prices continue to rise off the back of sustained demand for electric vehicles and lithium supply concerns. IGO's bid for Western Areas Ltd (WSA) also remains intact, despite pressure for IGO to increase the bid in line with the rising WSA share price.

The largest detractors from relative performance included underweight positions in Rio Tinto (RIO) and Woodside Petroleum (WPL), and an overweight position in Sonic Healthcare Ltd (SHL).

Sonic Healthcare Ltd (SHL) underperformed as the shift to rapid antigen testing for COVID-19 negatively impacted the businesses, which had previously benefited from high levels of COVID-19 PCR testing.

As of 31 January 2022, the largest overweight positions in the Fund were IGO Limited (IGO), Aristocrat Leisure (ALL) and Santos Ltd (STO).

## Market overview

Australian equities fell in January, with the S&P/ASX 200 Accumulation Index and S&P/ASX 300 Accumulation Index finishing the month -6.35% and -6.45% respectively.

January saw a broad-based equity sell-off across global developed markets. After starting the year on the front foot, global equities fell sharply through January as investors braced themselves for tighter monetary policy from central banks, led by the US Federal Reserve signalling an earlier start to quantitative tightening. Bond yields jumped as investors increased rate hike expectations, with US 10-year yields climbing 0.27% to 1.78% and the Australian 10-year yield following suit with a 0.22% rise to 1.89%. This fall represented the worst start to the year for the Australian equity market since 2008 and saw Australia underperform other developed markets. The S&P 500 finished the month -5.2% while the FTSE 100 was +1.1% and the Dow Jones Euro Stoxx 50 index -2.7%. Emerging Markets equities (-1.8%) outperformed Developed Markets (-4.9%).

In the domestic market, Energy (+7.9%) was the top performer, as double-digit gains in oil and gas prices supported earnings upgrades for Woodside Petroleum (WPL, +14.3%) and Santos (STO, +13.2%). Utilities (+2.6%) was also an outperformer with yet another month of strong gains for AGL Energy (AGL, +15.6%) and Origin Energy (ORG, +7.3%). These gains in electricity retailers likely reflects investors positioning for higher electricity prices.

Technology (-18.4%) was the worst performer on the back of higher interest rates affecting the valuations of growth assets with Wisetech (WTC), Altium (ALU), and Xero (XRO) all falling more than 20%. Healthcare (-12.1%), Gold (-11.8%), Consumer Staples (-9.6%) and Real Estate (-9.5%) were also notable laggards for the month with rising yields the predominant driver.

Commodity prices surged with Oil climbing 17%, driven by global supply concerns, and Iron Ore lifting US\$28 to US\$144, supported by a restock ahead of Chinese New Year and expected future stimulus measures in China. Counter to the broad increase in commodity prices, Gold prices dropped 0.6% as rates look to increase.

The AUD depreciated 3.2% in December to US\$0.705. The cash rate remained stable at 0.10% in the domestic economy.

## Outlook

Reporting season will be the focus of domestic investors in February. Key areas of interest will include the impact of Omicron on company revenues and consumer confidence, and the impact of rising costs on margins. With increasing evidence that the surge in Omicron cases has peaked, investors will also be seeking guidance on the outlook for earnings in 2022.

Given that the Federal election is due by May, government policy is likely to remain supportive for the economy.

More broadly, investors will monitor global movements in bond yields and any commentary from central banks regarding the timing of rate rises. Geo-political risks will also be closely watched.

# Macquarie Australian Shares Fund

Monthly report – 31 January 2022

**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**

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