

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	\$243.6m
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 28 February 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	1.51	1.47	2.14	-0.67
3 months (%)	-1.86	-2.00	-1.72	-0.28
1 year (%)	11.39	10.76	10.19	0.57
3 years (% pa)	11.43	10.78	8.43	2.35
5 years (% pa)	12.64	11.68	8.48	3.20
Since inception (% pa)	12.00	10.58	7.07	3.51

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)

Bluescope Steel Limited

Northern Star Resources Ltd

Xero Limited

Italics denote underweight

Top 5 overweight positions (alphabetical)

Bluescope Steel Limited

CSR Limited

IGO Ltd

Northern Star Resources Ltd

Santos

Bottom 3 stock attribution (alphabetical)

Aristocrat Leisure Limited

IGO Ltd

Uniti Group Ltd

Italics denote underweight

Macquarie Australian Shares Fund

Monthly report – 28 February 2022

Fund highlights

This month, the Fund finished the month up 1.47% (post-fees), underperforming the benchmark by 0.67%.

The largest contributors to relative performance for February included overweight positions in Northern Star Resources (NST) and BlueScope Steel (BSL), and an underweight position in Mineral Resources (MIN).

BlueScope outperformed after the business reported a rise in 1H22 net profit after tax and increased its dividend and share buyback program.

Iron ore and lithium producer, Mineral Resources Limited (MIN), underperformed this month due to weak half year results where the company reported reduced revenues and increased haulage and shipping costs.

The largest detractors from relative performance included overweight positions in Uniti Group (UWL) and Aristocrat Leisure (ALL), and an underweight position in Newcrest Mining (NCM).

Aristocrat Leisure (ALL) underperformed after the company's bid for UK-based gaming and software company Playtech was terminated.

Newcrest Mining Ltd (NCM) outperformed this month due to the increasing price of gold which has a current spot price of \$US1927 per ounce. This upwards price trend is a result of the geopolitical tension between Russia and Ukraine which has caused investors to look towards safe haven assets. NCM also received final approval to acquire the remaining stake in Pretivm Resources, a Canadian metals and mining company.

As of 28 February 2022, the largest overweight positions in the Fund were IGO Limited (IGO), BlueScope Steel (BSL) and Santos Ltd (STO).

Market overview

Australian equities finished the month in positive territory, with the S&P/ASX 200 Accumulation Index and the S&P/ASX 300 Accumulation Index finishing the month +2.15% and +2.09%.

Australian equities outperformed global equities, as the global correction continued for a second month. The Australian market significantly outperformed its developed market peers, with the S&P 500 in the US finishing the month -3.0%. The reason for the outperformance of the domestic market was higher exposure to cyclical sectors like Banks and Resources, along with relatively low exposure to Technology stocks. The key macro event was the outbreak of war in Ukraine, which triggered investors to reduce risk. Investors continue to anticipate tighter US monetary policy in 2022, although at the time of writing, the market pricing of US Fed hikes has eased as the war in Ukraine intensifies.

Gold stocks (+18.4%) were the best performers in February, as this is an asset that tends to outperform in periods of rising geopolitical risk. A fall in real yields near the end of the month also helped. The rise in gold stocks was broad based and significantly stronger than the 6.4% increase in the gold price. Energy (+8.6%) was the second best performer, supported by the rise in oil, gas and coal prices.

Technology (-6.6%) was the worst performer for the second month, as high inflation and the expectation of tighter monetary policy remained an overhang on performance. Among the ASX 100 stocks, Xero (XRO, -17.0%) and Altium (ALU, -9.9%) posted the largest falls.

In corporate news, February earnings season was a key focus for investors. Overall, it was a positive reporting season, with more earnings beats than misses. Inflationary pressures and interest rate movement implications were key themes that companies called out.

Commodity prices saw strong upward moves, particularly in Gold which lifted 6.4% to US\$1,910/oz as investors repositioned into safe-haven asset classes. Brent Oil also spiked higher by 10.0% to US\$110/bbl as markets reacted to the impacts of sanctions on oil and gas exports. Contrasting these price rises, Iron Ore declined 5.1% as it paused following a 24% rally during January.

In bond markets, US 10-year yields increased 5bps to 1.84%, while Australian bonds rose 25bps over the month to 2.13%, as the market brought forward expectations of RBA rate hikes.

The AUD depreciated 2.1c in February to US\$0.726. The RBA cash rate remained stable at 0.10%.

Outlook

Over recent months, the Australian equity market has remained resilient despite macroeconomic and geopolitical related volatility. February company earnings season highlighted improving operating momentum in many businesses, as COVID-related impacts moderate. With the Federal election due by May, short-term government policy is likely to remain supportive for corporate earnings.

Elevated global inflation will continue to be a focus for investors over coming months, as will the ongoing development of the Russia and Ukraine conflict. These are risks that we will continue to monitor closely.

Macquarie Australian Shares Fund

Monthly report – 28 February 2022

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 ABN 46 008 583 542 ("Macquarie Bank"), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group entities. In addition, if this document relates to an investment, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested and (b) none of Macquarie Bank or any other Macquarie Group entity guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.