

# Macquarie Australian Shares Fund

Monthly report – 31 July 2022

## 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	\$248.7m
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 July 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	5.40	5.34	5.75	-0.41
3 months (%)	-6.42	-6.57	-6.04	-0.53
1 year (%)	-0.75	-1.32	-2.17	0.85
3 years (% pa)	7.19	6.56	4.27	2.29
5 years (% pa)	10.49	9.81	8.03	1.78
Since inception (% pa)	11.68	10.29	6.86	3.43

### 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 5 overweight positions

(alphabetical)

Abacus Property Group

ASX Limited

IGO Ltd

Nine Entertainment Co

South32

## Top 3 stock attribution (alphabetical)

Johns Lyng Group Ltd

New Hope Corporation Limited

WiseTech Global Ltd

\*Italics denotes underweight

## Bottom 3 stock attribution (alphabetical)

Champion Iron Ltd

QBE Insurance

*Wesfarmers*

\*Italics denotes underweight

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## Fund highlights

In July, the Fund finished up 5.34% (post-fees), underperforming the benchmark by -0.41%.

Key contributors to relative performance included overweight positions in New Hope Corporation (NHC), WiseTech Global (WTC) and Johns Lyng Group (JLG).

Cloud-based software provider WiseTech Global (WTC) outperformed for the period after providing a positive update during the month and benefiting from falling bond yields.

Construction services company Johns Lyng Group (JLG) rebounded strongly in July after being impacted by the rotation out of growth names. The company has seen earnings growth as it continues to benefit from an increase in business from insurance companies due to the heavy rain along much of Australia's east coast.

The key detractors from relative performance included overweight positions in QBE Insurance (QBE) and Champion Iron (CIA) and an underweight position in National Australia Bank (NAB).

General insurer QBE Insurance (QBE) benefits from falling bond yields so it underperformed for the period as yields fell throughout July.

After share price weakness in June, this month saw a strong recovery across the big banks, with NAB no exception seeing a share price gain of 11.7% for the month as investor fears over growing inflation and interest rate hikes moderated.

## Market overview

Australian equities performed well in July, with the S&P/ASX 200 and S&P/ASX 300 Accumulation Index finishing the month up 5.75% and 5.95% respectively.

July saw equity markets rebound after a torrid June quarter. This was driven by improving investor sentiment as bond yields fell, US companies reporting generally positive results during the US reporting season and slowing economic growth which softened expectations for future rate hikes.

Technology (+15.2%) was the best performing sector, as falling bond yields, a rebound in the US technology stocks and the cessation of tax-loss selling all contributed to a rebound in Tech stocks. Megaport (MP1, +78%) and Life 360 (360, +59%) saw the biggest gains. Real Estate (+12.1%) also performed strongly, rebounding after underperforming for the six months to June. Gains were broad-based across the sector with Charter Hall (CHC, +18%) one of the stronger performers.

Materials (-0.7%) was the worst performing sector impacted by a strong US dollar and global recession concerns. Most companies provided quarterly production reports during the month with many flagging higher costs and the impact of absenteeism on volumes. Iron ore prices fell driving weakness in mining giants BHP (BHP, -6%) and Rio Tinto (RIO, -5%).

Commodity prices broadly fell during the month. Brent oil dropped US\$5 to US\$110/bbl and Iron ore fell US\$5 to US\$118/Mt, driven by delays due to bans on Russian shipments and a combination of over-supply and soft demand respectively. Gold continued to decline, seeing a significant fall to US\$1,753 per ounce, as investor risk appetite improved.

Bond yields fell during the month, as soft economic releases in the US moderated inflation expectations. Australian 10-year yields dropped 0.60% to 3.06% and in the US, 10-year yields fell by 0.33% to 2.64%. The AUD strengthened slightly against the USD, gaining 1.5% for the month.

## Outlook

Market focus will turn to company earnings with reporting season commencing in August. Key issues to monitor include any signs of declining demand and balance sheet resilience. Based on early results, any companies that fail to deliver will be marked down severely.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarieim.com](http://macquarieim.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. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

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