

# Macquarie Australian Shares Fund

Monthly report – 30 September 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	\$251.4m
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 30 September 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-4.38	-4.43	-6.17	1.74
3 months (%)	3.03	2.87	0.39	2.48
1 year (%)	-3.94	-4.50	-7.69	3.19
3 years (% pa)	6.85	6.23	2.67	3.56
5 years (% pa)	9.83	9.16	6.76	2.40
Since inception (% pa)	11.40	10.02	6.46	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 5 overweight positions

(alphabetical)

Abacus Property Group

ANZ Bank

Computershare Limited

Qantas Airways

South32

## Top 3 stock attribution (alphabetical)

IGO Ltd

*Macquarie Group*

New Hope Corporation Limited

\*Italics denotes underweight

## Bottom 3 stock attribution (alphabetical)

Centuria Capital Limited

Nine Entertainment Co

*ResMed Inc*

\*Italics denotes underweight

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### Fund highlights

In September, the Fund finished down -4.43% (post-fees), outperforming the benchmark by 1.74%.

The key contributors to relative performance included overweight positions in New Hope Corporation (NHC) and IGO Limited (IGO) and an underweight position in Macquarie Group (MQG).

Thermal coal miner New Hope outperformed as coal prices held up during the period.

Lithium company IGO Limited performed strongly in September as the lithium sector continued to surge off the back of strong global demand and high lithium prices.

The key detractors from relative performance included overweight positions in Centuria Capital (CNI) and Nine Entertainment (NEC) and an underweight position in ResMed (RMD).

Media company Nine Entertainment's share price fell during the period on concerns of a slowing advertising market and the impact of rising mortgage rates on its majority holding in online real estate platform Domain Holdings (DHG).

Rising bond yields in September saw the property sector underperform the benchmark. Losses in Centuria Capital holding were broadly offset by underweight positions in companies such as Goodman Group (GMG) and Dexus (DXS).

### Market overview

Australian equities fell in September, with the S&P/ASX 200 and S&P/ASX 300 Accumulation Index finishing the month down -6.2% and -6.3% respectively. Globally, equity markets continued to struggle in September with both the S&P 500 (-9.2%) and the MSCI Developed Markets Index (-8.3%) losing further ground. Investors were burdened by the same issues plaguing markets throughout most of 2022 including persistent inflation, ongoing and aggressive rate hikes and concerns over a global recession. Global markets were also impacted by increased geo-political concerns as Russia announced a "partial mobilisation" of reserve forces and issued warnings to the West about attempts to regain parts of Ukraine, and tensions mounted between the USA and China.

Domestically, Materials (-2.3%) was the best performing sector in September, albeit still in the red. Sector heavyweights BHP (BHP, +1.2%) and Rio Tinto (RIO, -1.2%) were broadly neutral reflecting little movement in the iron ore price. Lithium names such as Pilbara Minerals (PLS, +24.9%) and Mineral Resources (MIN, +4.4%) were strong as lithium prices remained high. Utilities (-13.8%) was the worst performing sector, as all three names in the sector fell sharply. This included Origin Energy (ORG, -15.5%) which saw its share price fall after announcing it was divesting its interests in the controversial Beetaloo Basin in the Northern Territory, instead focussing on its strategic priorities to transition to cleaner energy sources. The Real Estate (-13.6%) and Technology (-10.6%) sectors also saw double digit losses, as they continued to be heavily affected by rising bond yields.

Commodity prices continued to fall during the month as COVID impacts linger and supply increased. This saw Brent oil drop US\$9 to US\$88/bbl and Iron ore fall US\$1 to US\$98/Mt. Gold continued to decline, seeing a fall by US\$44 to US\$1,672 per ounce.

Ongoing rate hikes also impacted bond yields, with Australian 10-year yields increasing 0.29% to 3.89% and in the US, 10-year yields rising by 0.67% to 3.80%. The AUD weakened against the USD, losing -6.46% for the month. At the time of writing this report, the RBA cash rate is 2.60% after the RBA raised the rate by a less-than-expected 0.25% on Tuesday 4th October 2022.

### Outlook

Volatility is likely to remain elevated as markets grapple with higher interest rates, a slowing global economy and potential falls in corporate earnings. Rising geo-political tensions add to the uncertainty.

However, markets have fallen significantly, offering increasing valuation support at current levels. Any signs that central banks are looking to temper interest rate rises would likely see a strong rebound in investor sentiment.

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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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