

# Fund Summary

## OnePath Emerging Companies Trust Wholesale

28 February 2023

### Fund details

Investment manager	Karara Capital
Fund code	MMF0112AU
Asset type	Equity / Small Cap
Region	Australia
Fund size	\$23.20 million as at 28 Feb 2023
Commencement date	31 Dec 1996
Distributions	Half yearly

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX Small Ordinaries Accumulation Index, over periods of five years.

### Investment strategy

The fund invests predominantly in a diversified portfolio of smaller companies in accordance with a disciplined Australian shares investment process.

### Minimum time horizon

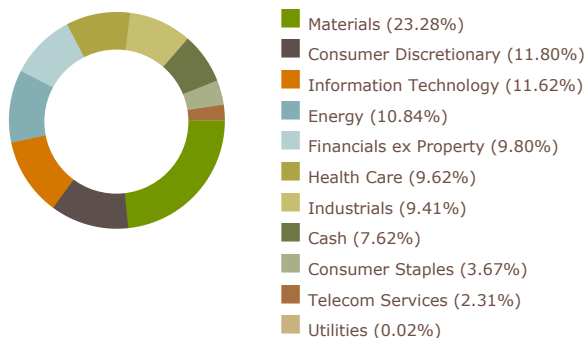
7 years

### Standard Risk Measure\*

The Standard Risk Measure (SRM) is based on industry guidance to allow investors to compare funds that are expected to deliver a similar number of negative annual returns over any 20 year period. The SRM for this fund is shown below:



### Equity sector allocation



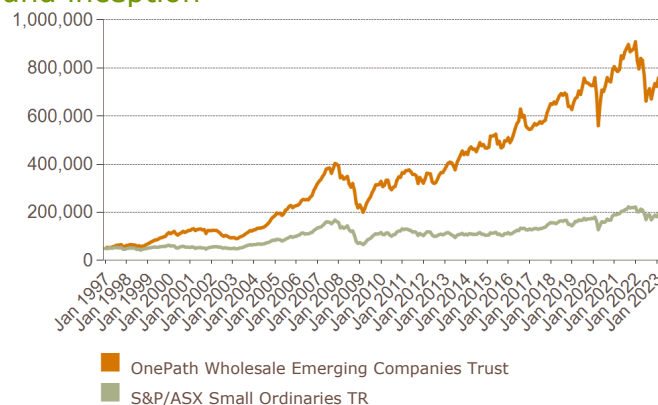
### Fund performance

As at 28 Feb 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-3.47	-0.42	-8.07	1.90	2.13	5.52	6.12
Benchmark ‡	-3.70	-1.21	-7.97	4.24	3.56	7.70	4.88
Excess Return	0.22	0.79	-0.10	-2.33	-1.43	-2.18	1.24
Distribution	0.00	2.47	16.73	19.27	14.05	10.94	8.52
Growth	-3.47	-2.89	-24.80	-17.37	-11.92	-5.41	-2.40
Risk (1 Std Dev)	-	-	21.52	21.82	18.38	16.67	15.55
Tracking Error	-	-	9.16	7.65	6.94	6.79	6.59
Info. Ratio	-	-	0.0	-0.3	-0.2	-0.3	0.2

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	1.17	-20.38	12.79	10.87	15.85
Benchmark ‡	2.61	-18.38	16.90	9.21	21.36
Excess Return	-1.44	-2.00	-4.11	1.66	-5.51

### Growth of \$50,000 invested since fund inception



### Top 10 holdings

Security	% of fund
HELIA GROUP LTD	4.02%
TECHNOLOGY ONE LTD	3.48%
PRO MEDICUS LIMITED	3.38%
VIVA ENERGY GROUP LTD	3.30%
CHARTER HALL RETAIL REIT	3.21%
WEBJET LTD	3.20%
GRAINCORP LTD A	3.06%
NEW HOPE CORP	2.76%
SANDFIRE RESOURCES LTD	2.70%
KAROON ENERGY LTD	2.44%
<b>Total Top 10</b>	<b>31.55%</b>

\* For further information on Standard Risk Measures and the calculation methodology used, go to [onepath.com.au/personal/performance/product-updates.aspx](http://onepath.com.au/personal/performance/product-updates.aspx)

† Returns quoted use the unit price which is calculated using the net asset values for the relevant month end. The prices shown may differ from the actual unit price if an investor is applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction on an investor's investment. Please note that all returns are after the deduction of management fees and expenses and assumes all distributions are re-invested. Where applicable, management fees have been deducted at the highest entry fee option rate. No allowance has been made for entry or exit fees.

‡ Benchmark returns should be used for indicative purposes only. These returns may not be a true indication of this Fund's performance against its investment objective.

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#### Market and portfolio review

During the September quarter, Karara was replaced by Acadian as the manager of the portfolio. Acadian generated very strong performance over the quarter from stock and industry sector selection relative to the S&P/ASX Small Ords index. Good stock selection in Banks, Consumer Discretionary, Energy, Industrials, IT, Metals and Mining, while a large overweight in the Energy sector was the main contributor to sector outperformance. Stock selection in Gold detracted performance. Some of the larger stock contributors included overweights in New Hope and NIB and underweight Brainchip, Magellin and Megaport.

#### Future investment strategy

The outlook for global markets remains highly uncertain. Persistently high global inflation remains the key issue – both demand and supply factors e.g., Chinese Covid lockdowns, are impacting, often in unpredictable ways and with lagged effects. The global shift to clean (and often intermittent) energy sources and a resultant, structural lack of investment in maintaining current levels of oil and gas supply, plus geo-political issues/Ukraine War are exacerbating the imbalances.

With the recent pull-back in domestic equity markets, and the associated de-rating in higher P/E stocks, we have witnessed a material convergence in trading multiples between “value” stocks and a number of quality “growth” names in the small cap universe. While this may still have further to play-out given earnings expectations are falling and exogenous disturbances to many companies’ operating environments seem to be occurring with greater frequency, we are actively building our target “buy” list of stocks and have begun selectively adding to positions.

Some particularly attractive opportunities are starting to emerge in areas where supply chain issues have caused a “deferment of demand fulfillment” rather than a permanent loss of sales, with a skittish market extrapolating the particular short-term negative disruption excessively into the future.

In an uncertain macro environment and with short to medium term inflation and supply chain concerns still elevated, our focus remains on identifying companies that can generate reasonable earnings growth against a challenging economic backdrop, particularly those that have at least some degree of pricing power (and/or ability to reduce costs) as well as strong balance sheets.

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This information is current as at 28 Feb 2023 with the commentary current for the most recent quarter end (eg. March, June, Sept or Dec) however in some cases may be applicable for the preceding month or quarter end. Updated information will be available free of charge by contact Client Services on 133 665. The information is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances and objectives. Past performance is not indicative of future performance. The future value of investments may rise and fall with changes in the market. You should read the relevant PDS available at [onepath.com.au](http://onepath.com.au) and consider whether that particular product is right for you before making a decision to acquire or continue to hold the product.