

# Fund Summary

## OnePath Emerging Companies Trust Wholesale

31 May 2023

### Fund details

<b>Investment manager</b>	Acadian Asset Management
<b>Fund code</b>	MMF0112AU
<b>Asset type</b>	Equity / Small Cap
<b>Region</b>	Australia
<b>Fund size</b>	\$22.36 million as at 31 May 2023
<b>Commencement date</b>	31 Dec 1996
<b>Distributions</b>	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

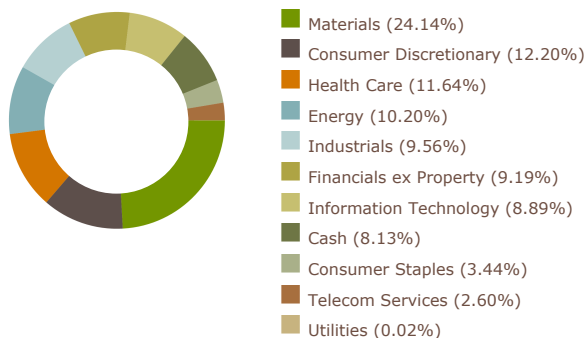
7 years

### 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



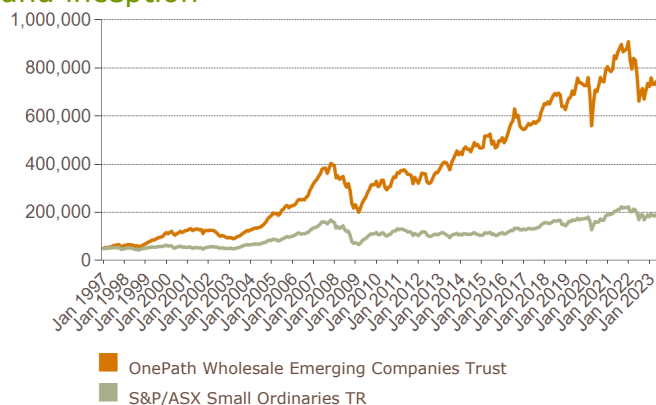
### Fund performance

As at 31 May 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
<b>Total Return †</b>	-4.05	-2.56	-7.02	0.24	0.83	3.27	6.12
<b>Benchmark ‡</b>	-3.26	-1.29	-5.77	4.46	2.46	5.62	6.01
<b>Excess Return</b>	-0.79	-1.27	-1.25	-4.22	-1.64	-2.35	0.10
<b>Distribution</b>	0.00	0.00	16.92	18.95	13.87	10.70	8.52
<b>Growth</b>	-4.05	-2.56	-23.94	-18.71	-13.05	-7.43	-2.41
<b>Risk (1 Std Dev)</b>	-	-	19.65	15.67	18.41	16.58	15.57
<b>Tracking Error</b>	-	-	9.29	7.28	6.95	6.76	6.34
<b>Info. Ratio</b>	-	-	-0.1	-0.6	-0.2	-0.3	0.0

Calendar year returns	YTD	2022	2021	2020	2019
<b>Total Return †</b>	-1.42	-20.38	12.79	10.87	15.85
<b>Benchmark ‡</b>	1.30	-18.38	16.90	9.21	21.36
<b>Excess Return</b>	-2.71	-2.00	-4.11	1.66	-5.51

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



### Top 10 holdings

Security	% of fund
HELIA GROUP LIMITED - ORD NPV	3.50%
WEBJET LTD - ORD NPV	3.45%
VIVA ENERGY GROUP - ORD NPV	3.36%
PRO MEDICUS LTD - ORD NPV	3.28%
CHARTER HALL RETAIL REIT - UNI	3.17%
KAROON ENERGY LTD - ORD NPV	2.98%
GRAINCORP LTD - CL A ORD NPV	2.93%
SANDFIRE RESOURCES LTD - ORD N	2.80%
NEW HOPE CORP LTD - ORD NPV	2.29%
NRW HOLDINGS LTD - ORD NPV	2.16%
<b>Total Top 10</b>	<b>29.94%</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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31 May 2023

### Market and portfolio review

The first quarter of 2023 saw the reacceleration of the global economy. Despite some headwinds created by aggressive monetary policy tightening in 2022, the first months of the year were characterized by a relatively strong global economy. The situation was helped by a low unemployment rate in Western developed countries, a robust rebound for the Chinese economy thanks to its reopening and a mild winter in Europe, all of which led to lower energy prices. China's economy benefited from a strong post-COVID reopening as well as improved pricing and investment in the property sector. Europe saw better-than-expected economic strength, helped by lower energy prices. Developed central banks continued to hike rates during the quarter. However, major central banks became less aggressive, downsizing the level of their rate hikes as they neared the end of their respective tightening cycles. One major central bank, the Bank of Canada, decided to enact a conditional pause of its tightening cycle.

Inflation generally moderated, largely driven by some balance in the goods component of inflation. However, services ex-housing inflation is a significant concern for the U.S. Federal Reserve, especially given that the labor market remains tight.

The last month of the quarter saw problems erupt in the banking sector, which came under pressure as a result of aggressive monetary policy tightening. However, the issues did not appear to be systemic, and a rapid response from policymakers helped to calm markets.

### Future investment strategy

Not surprisingly, the outlook for the rest of 2023 is largely dependent on the path of monetary policy, which relies on the path of inflation, with banking sector fragility now complicating policy decisions. We expect the global economy to decelerate with a significant risk of recession in some important developed economies. This is on the back of accumulated policy tightening over the last 18 months and a potential credit crunch as banks become more cautious in their lending activity. We think this would encourage central banks to stop tightening over the coming months, which would ultimately be positive for the economy and markets – although it would likely lead to headwinds in the near term.

Our base case assumes that financial markets are in a contraction regime in the short term, which usually favors a more defensive portfolio stance. We believe it is likely that there will be a sufficient easing of inflation and a halting of central bank rate hikes soon, which would lead to a risk asset recovery later in the year. We believe an upside risk to this scenario comes from the possibility that central banks have largely tightened appropriately and not too aggressively, with inflation coming under control without the need for recession. This would likely lead us back into a recovery regime sooner rather than later.

We also believe a downside risk is that recent banking sector problems prove to be symptomatic of broader issues that could result in global financial crisis-style panic. This could require central banks to step in to resolve.

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This information is current as at 31 May 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.