

Fund Summary

OnePath Blue Chip Imputation Trust Wholesale

31 October 2020

Fund details

| | |
|---------------------------|---|
| Investment manager | OnePath Funds Management sub- advised by Nikko Asset Management Co. |
| Fund code | MMF0340AU |
| Asset type | Equity / All Cap |
| Region | Australia |
| Fund size | \$6.78 million as at 30 Oct 2020 |
| Commencement date | 01 Oct 2001 |
| Distributions | Quarterly |

Investment objective

The fund aims to outperform the gross return of the S&P/ASX 100 Total Return Index, including franking credits (but before investment fees and taxes) over periods of at least five years. The fund also targets a gross dividend yield, including franking credits that exceeds the gross dividend yield of the benchmark.

Investment strategy

The fund invests predominantly in a diversified portfolio of Australian companies which provide a relatively high level of franked income, and have been selected in accordance with a disciplined Australian shares investment process.

Minimum time horizon

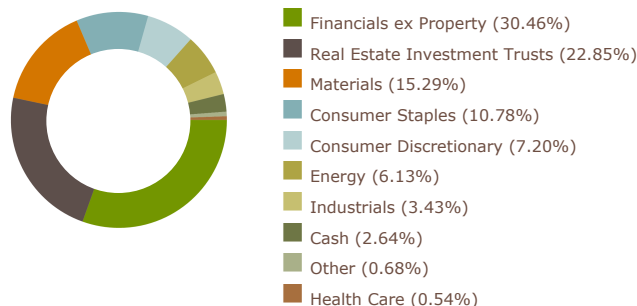
5 years

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



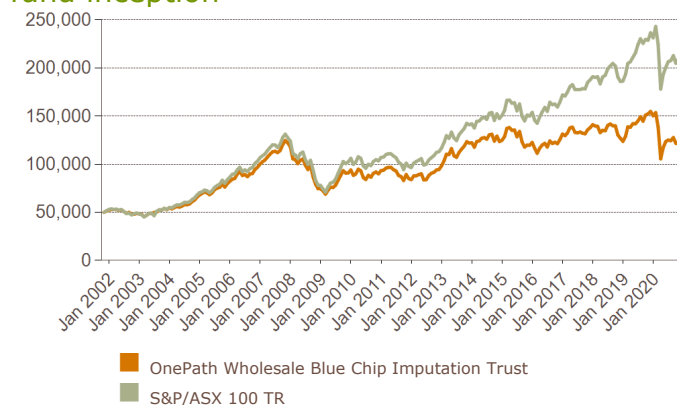
Fund performance

As at 31 Oct 2020

| | 1 mth % | 3 mth % | 1 yr % | 3 yr % pa | 5 yr % pa | 7 yr % pa | 10 yr % pa |
|-------------------------|---------|---------|--------|-----------|-----------|-----------|------------|
| Total Return † | 1.56 | -0.74 | -18.92 | -3.12 | 0.61 | 0.01 | 3.00 |
| Benchmark ‡ | 2.09 | 0.78 | -8.58 | 4.17 | 6.72 | 5.64 | 7.17 |
| Excess Return | -0.53 | -1.52 | -10.34 | -7.29 | -6.12 | -5.63 | -4.17 |
| Distribution | 0.00 | 0.90 | 3.14 | 4.24 | 4.26 | 4.24 | 4.45 |
| Growth | 1.56 | -1.64 | -22.06 | -7.35 | -3.65 | -4.23 | -1.45 |
| Risk (1 Std Dev) | - | - | 30.32 | 19.46 | 16.36 | 15.39 | 14.62 |
| Tracking Error | - | - | 5.83 | 5.17 | 4.35 | 3.84 | 3.56 |
| Info. Ratio | - | - | -1.8 | -1.4 | -1.4 | -1.5 | -1.2 |

| Calendar year returns | YTD | 2019 | 2018 | 2017 | 2016 |
|-----------------------|--------|-------|--------|-------|-------|
| Total Return † | -17.80 | 21.48 | -12.32 | 7.40 | 7.12 |
| Benchmark ‡ | -9.55 | 24.06 | -2.35 | 11.04 | 11.73 |
| Excess Return | -8.25 | -2.58 | -9.97 | -3.64 | -4.60 |

Growth of \$50,000 invested since fund inception



Top 10 holdings

| Security | % of fund |
|-------------------------------|---------------|
| AUSTRALIA NEW ZEALAND BANKING | 8.11% |
| BHP GROUP LTD ORD | 6.51% |
| WESTPAC BANKING ORD | 6.17% |
| TELSTRA ORD | 5.07% |
| NATL AUST BANK ORD | 4.63% |
| SUNCORP GROUP ORD | 4.29% |
| COLES GROUP LTD ORD | 4.28% |
| WOOLWORTHS GROUP ORD | 4.17% |
| STOCKLAND UNT | 2.99% |
| AURIZON HOLDINGS LTD | 2.94% |
| Total Top 10 | 49.17% |

* For further information on Standard Risk Measures and the calculation methodology used, go to 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

Australian equities were the standalone outperformer within global developed markets, with the S&P/ASX 300 index gaining 1.9% in October. The rebound from the September weakness helped close some recent underperformance of Australian shares relative to other global markets. Further accommodative policy from the RBA, and a 're-opening' theme emerging as COVID cases continued to decline helped drive consumer confidence and in turn a +500 basis point outperformance over the MSCI World Index (-3.1% in USD terms). In stark contrast to Australia, European shutdowns amid a harsh Covid second wave dragged Euro stocks down 5.2% over the month.

Despite domestic tech stocks being the best performers in October (+8.6%), the retreat in US mega-cap tech also contributed to stronger relative returns as the tech heavy US Nasdaq fell 2.3%. Financials (+6.3%) and Consumer Staples (+4.6%) also drove gains, while Industrials (-3.5%) and Utilities (-1.5%) dragged on index performance.

Bond yields in the US rose sharply, with the yield on US 10 year Treasuries rallying 28 basis points to close at 0.87%. Australian yields had a flatter month, rising by 5 basis points to close at 0.83%. Further QE measures from the RBA in addition to a rate cut continued to drag yields lower into November. The US dollar was largely flat over the month (DXY +0.2%) but has continued to weaken during the US election outcome as both equity markets and gold rebound. The AUD fell 1.9% against the US as dovish RBA commentary increased the likelihood of a rate cut, which occurred during their November meeting.

Commodities were a bit softer in October, with iron ore spot prices falling 2.6% to \$117 and Brent Oil futures declining 11.3% to USD38/bbl on fears of demand destruction as European countries head back into lockdown and supply increases from Libya. Gold prices decreased slightly from \$1890/oz to \$1,880/oz but are still close to record highs.

Future investment strategy

Domestic macro factors have continued to be largely supportive for the Australian equity market. An expansionary budget, further cash interest rate cuts and more importantly an expansion of the Reserve Bank of Australia's quantitative easing program to lower interest rates across the yield curve, together with a continued fall in Covid infections and an end to lockdowns in Melbourne, should all assist economic growth and asset prices.

Recent overseas data, and therefore equity market performance, has been more mixed. We expect the impact on equity markets should also be less severe as market participants now have a better understanding of the temporary nature of lockdowns and how Governments, central banks and consumers are all likely to respond during and after restrictions.

The US election lived up to all expectations when it comes to drama and hype. In the end it looks like the only significant change is to the Presidency, with a Republican Senate and Democrat House being maintained. While the change of President might see improved geopolitical relations and a less fractious political debate, the status quo of the US Congress is likely to have reduced the prospect of large fiscal stimulus and potentially more monetary stimulus being considered instead.

Together with the Covid infection upswing, the election looks initially to have shifted the market back to favour structural growth stocks over cyclical beneficiaries. With the election out of the way the remaining known event that could change the outlook significantly again is any forthcoming vaccine. Positive news would likely give the cyclical trade renewed momentum, while delays or negative results would reinforce the initial market reaction to the US election. Either way, equity markets look reasonably well supported.

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