

Fund Summary

OnePath Blue Chip Imputation Trust Wholesale

30 April 2021

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	\$4.90 million as at 30 Apr 2021
Commencement date	01 Nov 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

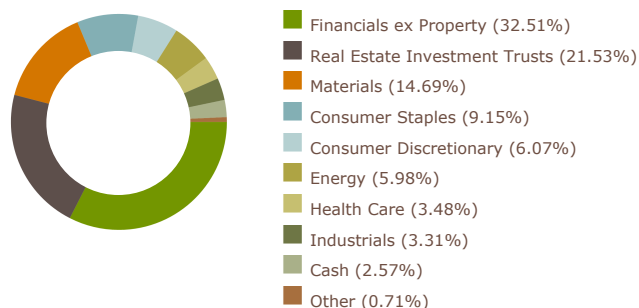
5 years

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



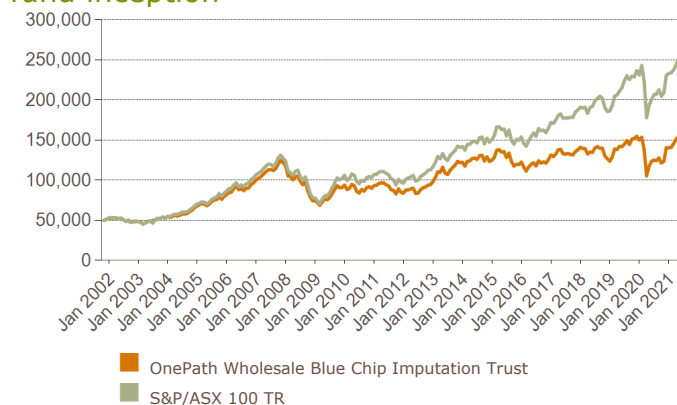
Fund performance

As at 30 Apr 2021

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	2.58	9.78	32.22	4.62	5.24	2.87	4.82
Benchmark ‡	3.51	7.68	30.58	9.76	10.32	7.93	8.57
Excess Return	-0.93	2.10	1.64	-5.14	-5.08	-5.06	-3.75
Distribution	0.00	1.25	5.17	4.53	4.39	4.31	4.50
Growth	2.58	8.53	27.05	0.09	0.84	-1.44	0.33
Risk (1 Std Dev)	-	-	15.17	20.93	17.09	16.14	15.23
Tracking Error	-	-	5.35	5.77	4.74	4.23	3.84
Info. Ratio	-	-	0.3	-0.9	-1.1	-1.2	-1.0

Calendar year returns	YTD	2020	2019	2018	2017
Total Return †	10.20	-6.49	21.48	-12.32	7.40
Benchmark ‡	8.13	0.80	24.06	-2.35	11.04
Excess Return	2.07	-7.29	-2.58	-9.97	-3.64

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
AUSTRALIA NEW ZEALAND BANKING	7.86%
NATL AUST BANK ORD	7.26%
WESTPAC BANKING ORD	7.04%
BHP GROUP LTD ORD	6.43%
TELSTRA ORD	5.28%
COLES GROUP LTD ORD	4.78%
SUNCORP GROUP ORD	3.15%
DOWNER EDI ORDINARY	3.08%
ORORA LIMITED	2.65%
AURIZON HOLDINGS LTD	2.55%
Total Top 10	50.07%

* 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

Equity markets rallied further in April, with Australia's S&P/ASX 300 index rising 3.7% to mark its 7th consecutive month of gains. In the US, the S&P500 rose 5.2% (3.6% in \$A) with outperformance of tech stocks over industrials as bond yields stabilised. A range of economic indicators including strengthening global PMIs and rising consumer and business confidence domestically helped drive gains. Catastrophic spread of COVID-19 through India and Brazil, and increased inflation expectations held back performance in emerging markets relative to developed markets.

On a sector level within Australia, tech (+9.8%), materials (+7.5%) and industrials (+4.2%) all outperformed while energy (-4.7%), consumer staples (-2.4%) and utilities (-1.2%) all underperformed in April.

The recent trend of rising bond yields took a breather in April, with the yield on the US 10 year bond falling 7bps to 1.63% and Aussie 10 year falling 3bps to 1.75%. The US yield curve flattened 11bps and US 10-year breakevens rose 3bps. In currency markets, aggressive rate hiking in Brazil led to a 3.5% gain in the BRL, while the USD (DXY) was notably weaker, losing 2.1%. The Australian dollar gained 1.6% against the \$US, partly driven by commodity prices and \$US weakness.

Commodities extended their exceptional run, with iron ore again rising 14% while oil prices also rose (Brent +5.8%). Copper however was the standout performer, surging 11.8% in April on continued robust demand. Even the relatively defensive precious metals space managed to gain some ground with gold prices ending a first quarter slump to rebound 3.6% in April.

Future investment strategy

Strong corporate earnings and stable to lower bond yields, following their sharp rise in the March quarter, have combined to continue to propel equity markets even higher. With robust consumer demand and a remarkably empty global supply chain in everything from cars to steel and most things inbetween, corporate earnings, especially in cyclical sectors, look set to continue to beat market expectations in the next few months. At some point demand will slow and the supply chain will catch up. When that happens the impact could be quite abrupt but that looks like a concern for later in the year.

The February reporting season covering trading in the period up to the end of December gave us an early indication that the shape and pace of the earnings recovery for some of the "Covid losers", such as travel related companies, looked too optimistic. At the same time the longevity of the tailwinds for some of the "Covid winners", such as consumer goods companies, had been underappreciated by market participants. More recent company updates regarding earnings thus far in calendar 2021 have reinforced this view.

Although too early to tell for sure, it wouldn't surprise us if current trends remain in place even in the medium term. While we are all looking forward to the end of restrictions on travel, social interaction, and a return to life in general as we knew it, corporates, employees and consumers have all learned new ways of doing things and new things to enjoy. Life will surely be better than at present after Covid but it may not necessarily be the same as before.

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