

Fund Summary

OnePath Alternatives Growth Trust

OneAnswer Frontier Investment Portfolio

30 June 2021

Fund details

Investment manager	OnePath Funds Management
Fund code	MMF1471AU
Asset type	Hedge Funds / Trading Strategies
Region	Global
Fund size	\$61.07 million as at 30 Jun 2021
Commencement date	28 Sep 2010
Distributions	Quarterly

Investment objective

The fund aims to produce a portfolio that seeks to outperform the Bloomberg AusBond Bank Bill Index.

Investment strategy

The fund is a multi-manager solution that seeks to provide returns with low correlation to equity markets by investing in a portfolio of alternative investment strategies. The multi-manager portfolio is designed to deliver more consistent, and diversified sources of returns than would be achieved if investing with a single-manager.

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:



Asset allocation



■ Other (100.00%)

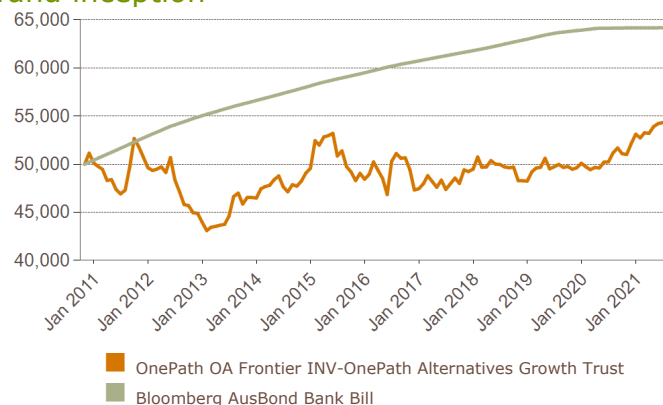
Fund performance

As at 30 Jun 2021

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	0.19	2.09	7.87	2.74	1.50	1.85	1.45
Benchmark ‡	0.00	0.01	0.06	0.96	1.29	1.61	2.19
Excess Return	0.18	2.08	7.81	1.78	0.21	0.24	-0.74
Distribution	3.88	3.96	5.61	2.62	2.93	2.90	2.92
Growth	-3.69	-1.87	2.51	0.20	-1.38	-1.01	-1.44
Risk (1 Std Dev)	-	-	3.70	3.78	4.75	6.30	6.76
Tracking Error	-	-	3.70	3.85	4.79	6.32	6.77
Info. Ratio	-	-	2.2	0.5	0.1	0.0	-0.1

Calendar year returns	YTD	2020	2019	2018	2017
Total Return †	2.28	6.02	3.83	-2.49	4.27
Benchmark ‡	0.01	0.37	1.50	1.92	1.75
Excess Return	2.27	5.65	2.33	-4.42	2.52

Growth of \$50,000 invested since fund inception



* 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

Underlying Fund Commentaries

GMO Systematic Global Macro Trust – The Fund delivered a positive return over the period, with currencies and trading in volatility futures having the greatest positive impact on performance. A net long equities exposure added value, however equity market selection detracted, particularly positioning in the US market. Fixed income was positive over the period as yields moved lower.

Fulcrum Diversified Absolute Return Fund – The Fund posted a strong performance over the period, with positive contributions coming from Directional (+1.6%), Relative Value (+0.8%) and Diversifying Strategies (+0.2%). Fulcrum's long US dollar positioning was the main outperformer within the currency strategy, while within fixed income their US steepener position underperformed in June as short-term interest rates increased relative to long-term interest rates.

Bentham Syndicated Loan Fund – The Fund outperformed its loan index benchmark over the quarter, and closed the period with a yield to maturity of 4.79% and an average credit spread of 395 basis points (408 basis points at the end of the previous quarter). The Fund had a quarter end credit duration of 4.14 years and an interest rate duration of 1.32 years.

ManAHL Alpha (AUD) Fund – The Fund enjoyed a strong trading quarter, with the inflation theme feeding through to strategy returns via Commodities, which was the best performing sector because of dominantly long positioning. Energy was the top performer with a positive attribution for every market group but most notably in natural gas where low inventories after a cold winter have been compounded by expectations of demand from global growth and high summer temperatures. The Fed's hawkish tone in June had its biggest impact on currency trading where, up to that point, short US dollar positioning had been profitable, with the Currency sector marginally ending in the red overall.

Future investment strategy

The Fund has performed well over the past 12 months, exceeding its return objectives at less than 4% volatility, which is less than half the volatility of a traditional 60/40 Equity and Bonds portfolio (AUD hedged) over the same period.

Looking forward, our outlook for risk assets is that associated risk adjusted returns will likely be significantly less attractive than they have been for the past 12 or so months since the post COVID rebound. Given this expected backdrop for markets over the coming year, or longer, there will be value in combining diversifying alternatives strategies such as the Fund with a traditional multi-asset portfolio.

In light of the market environment, we consider this an opportune time to build out our absolute return holdings, maintain our relatively low exposure to equity market risk, and rebalance the portfolio by introducing strategies that offer new sources of return to our portfolio, and which are expected to effectively offset portfolio drawdowns.

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