Fund Summary

OnePath Sustainable Investments Aust Share Trust Wholesale

30 June 2022

Fund details

Investment manager	**OnePath Funds Management sub-advised by Alphinity**
Fund code	MMF0335AU
Asset type	Equity / All Cap
Region	Australia
Fund size	$0.94 million as at 30 Jun 2022
Commencement date	26 Jul 2001
Distributions	Half yearly

Investment objective

The fund aims to achieve returns (after costs but before fees and taxes) that exceed the S&P/ASX 300 Accumulation Index, over periods of three to five years or more.

Investment strategy

The fund seeks to invest in sustainable companies that have the capacity to make a positive impact on society in areas of economic, environmental and social development.Specifically, the fund will target companies which contribute toward the advancement of the UN Sustainable Development Goals (SDG) agenda, have strong ESG characteristics and display appealing investment characteristics.*

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:

1	2	3	4	5	6	7
Very low	Low	Low to medium	Medium	Medium to high	**High**	Very high

Equity sector allocation

- Financials ex Property (37.52%)
- Materials (23.77%)
- Real Estate Investment Trusts (10.76%)
- Health Care (9.94%)
- Consumer Staples (6.12%)
- Consumer Discretionary (4.39%)
- Telecom Services (3.76%)
- Industrials (1.81%)
- Cash (1.63%)
- Information Technology (0.30%)

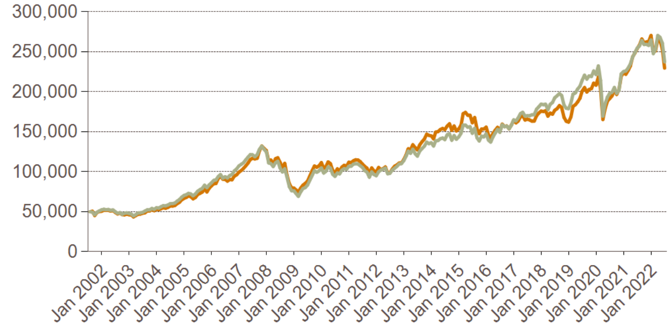
Fund performance

As at 30 Jun 2022

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-9.34	-13.48	-9.59	4.54	6.76	5.19	8.80
Benchmark ‡	-8.97	-12.22	-6.78	3.44	6.90	6.98	9.24
Excess Return	-0.38	-1.26	-2.82	1.10	-0.14	-1.79	-0.44
Distribution	1.05	1.01	2.59	2.62	3.19	3.31	3.58
Growth	-10.40	-14.49	-12.19	1.92	3.53	1.86	5.21
Risk (1 Std Dev)	-	-	15.17	17.70	15.13	14.39	13.62
Tracking Error	-	-	2.97	3.17	3.10	2.86	2.90
Info. Ratio	-	-	-0.9	0.3	-0.1	-0.6	-0.2

Calendar year returns	YTD	2021	2020	2019	2018
Total Return †	-15.10	20.78	7.48	28.48	-7.82
Benchmark ‡	-10.39	17.54	1.73	23.77	-3.06
Excess Return	-4.71	3.24	5.75	4.71	-4.76

Growth of $50,000 invested since fund inception



- OnePath Wholesale Sustainable Investments Aust Share Trust
- S&P/ASX 300 TR

Top 10 holdings

Security	% of fund
BHP GROUP	13.62%
COMMONWEALTH BANK OF AUSTRALIA	8.48%
CSL	8.34%
NATIONAL AUSTRALIA BANK	6.70%
WOOLWORTHS GROUP	5.16%
MACQUARIE GROUP	5.06%
MEDIBANK PRIVATE	3.85%
QBE INSURANCE GROUP	3.75%
GOODMAN GROUP	3.68%
WESTPAC BANKING CORP	3.51%
Total Top 10	**62.15%**

* 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.

OnePath

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Market and portfolio review

After 10 years of flat or falling interest rates in Australia, rising inflation finally gave way to rate hikes domestically, leading equities to their biggest quarterly loss since the Pandemic. The S&P/ASX 300 index, including dividends, fell 12.2% over the June quarter underperforming global markets. After a relatively strong start to the year, June was a month where crowded sectors like materials and financials bore the brunt of the sell-off as commodity prices fell and rate hikes fuelled concern over the housing market and consumer demand more broadly.

With the Australian Dollar falling 8% to USD0.69, this currency benefit helped offshore markets in AUD terms with Europe (-8%), the US (-9%) and Emerging Markets (-5%) all outperforming Australian shares. One of the largest swing factors in markets currently is the outlook for China, trying to navigate out of Covid lockdowns while at the same time addressing a weak housing market. Its desire to stimulate and increase money supply has put it out of sync with most other global markets entering a tightening cycle. Appearing somewhat more immune to the rate hiking seen in most other regions, there was a rotation back into China and Hong Kong. The Shanghai Composite index was up 11% in June in $A terms, although it is still -6% year to date.

On a sector level, only Energy and Utilities posted small gains over the quarter, with the defensive Healthcare and Consumer Staples also outperforming. Technology and Property stocks were the weakest sectors, with rising rates shining a spotlight on valuations. Banks were under pressure given the looming stresses in the housing market and construction industry, offsetting any benefit to net interest margins from rising rates. Weakness in Materials (-16.7%) was a large driver of broader market declines as commodities fell, finally cracking on recession fears and the outlook for weaker demand under this scenario.

Future investment strategy

Following the June sell-off, the Australian equity market is now trading at a relatively low 13x 12 month forward aggregate earnings estimates, and about a 5% dividend yield. This compares to a historical average around 14x and a dividend yield in the 4-4.5% range. At a high level this would suggest that downside from here is limited, but while there appears to now be some buffer from a valuation perspective, our enthusiasm is tempered by how the market multiple is composed. Resource companies are still trading at single digit multiples but the rest of the market, while down considerablyfrom peak levels, is still a little above historical averages. And there remains earnings risk across both.

A range-trading market seems a reasonable outcome in these circumstances, with either a significant downward reset of aggregate consensus earnings estimates in the upcoming reporting season, or a clear change in the Reserve Bank's policy signalling. Even a return to neutral rhetoric, rather than full reversal to easing, would probably be sufficient for a more sustained improvement in the equity market outlook.

Growth companies might get some support from increased earnings risk in some of the more cyclical parts of the market, but valuations and ongoing interest rate rises might still cap the upside to that part of the market. The upcoming August reporting season will, as always, provide valuable insights into company performance and current trading but the relatively recent change in economic growth expectations might mean companies will give less helpful guidance about future earnings than is usually the case.

All up, notwithstanding the recent falls we are only a little more comfortable with the Australian equity market now than we were earlier in the year. We do see some opportunities but risks remain from pressures building in the domestic economy as a result of higher inflation, rising interest rates and tighter monetary conditions.

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This information is current as at 30 Jun 2022 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 and consider whether that particular product is right for you before making a decision to acquire or continue to hold the product.