

Fund Summary

OnePath Blue Chip Imputation Trust Wholesale

30 April 2023

Fund details

Investment manager	OnePath Funds Management sub- advised by Tyndall Asset Management
Fund code	MMF0340AU
Asset type	Equity / All Cap
Region	Australia
Fund size	\$3.86 million as at 28 Apr 2023
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

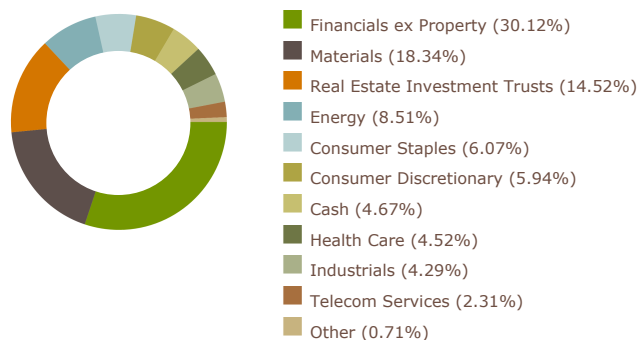
5 years

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



* 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.

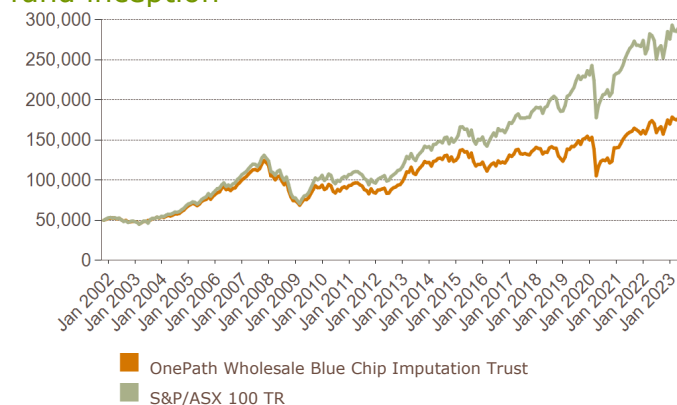
Fund performance

As at 30 Apr 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	1.34	-0.68	1.86	14.88	5.60	5.76	4.32
Benchmark ‡	1.74	-0.90	3.67	14.61	8.80	9.47	8.11
Excess Return	-0.39	0.22	-1.80	0.26	-3.20	-3.71	-3.78
Distribution	-0.01	0.90	5.32	5.12	4.74	4.58	4.54
Growth	1.35	-1.57	-3.45	9.76	0.86	1.18	-0.22
Risk (1 Std Dev)	-	-	14.31	12.94	17.63	15.62	14.87
Tracking Error	-	-	3.73	4.90	5.37	4.74	4.20
Info. Ratio	-	-	-0.5	0.1	-0.6	-0.8	-0.9

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	4.43	4.96	15.29	-6.49	21.48
Benchmark ‡	5.30	0.63	17.65	0.80	24.06
Excess Return	-0.88	4.33	-2.37	-7.29	-2.58

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
WESTPAC BANKING CORP	8.23%
NATIONAL AUSTRALIA BANK LTD	8.19%
BHP GROUP LTD	7.44%
RIO TINTO LTD	6.41%
TELSTRA GROUP LTD	6.08%
ANZ GROUP HOLDINGS LTD	5.14%
WOODSIDE ENERGY GROU	4.47%
QBE INSURANCE GROUP LTD	3.64%
COLES GROUP LTD	3.16%
WOOLWORTHS GROUP LTD	2.73%
Total Top 10	55.49%

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Market and portfolio review

Equity markets shrugged off risks of a credit crunch amid further US regional bank failures, and continued to strengthen in April, with Australia's S&P/ASX 300 index closing up 1.85% including dividends. Global markets have rallied this year despite recession fears, although market breadth has been worryingly narrow in the US, with two stocks (Apple and Microsoft) now accounting for 13% of the entire US S&P 500 index. The MSCI World Index gained 2.9% in AUD terms, and has risen 12.3% year-to-date, driven by a strong rebound in Europe and 7 mega-cap Tech stocks doing the heavy lifting, and contributing over 90% of the US performance.

The only blemish on Australia's performance in April was weakness in mining stocks. BHP fell 5.8%, capping off a month to forget in the Materials, the sector falling 2.6% and the only sector to lose value in April. Iron prices came off lofty levels, falling 12% to \$US106 per tonne as China demand softened and inventory levels rose at steel mills there. China's weaker-than-expected peak construction period and the intention of Chinese authorities to crack down on speculative pricing contributed to the spot iron ore price being soft. A number of quarterly production reports, including from Rio Tinto and Mineral Resources, also underwhelmed.

The price of lithium fell sharply in April, hurting Australia's many lithium plays. Losses in the broader Materials sector however were offset by gains in every other sector in the ASX 300 index, chiefly Property (+5%), Tech (+4.5%) and Industrials (+4.3%). Healthcare and Financials also outperformed the broader index. Bond yields were fairly stable, both in Australia and in the US, and by the end of the month all eyes were on the Reserve Bank to see whether it would continue to pause its rate hikes. Despite expectations to continue pausing, they delivered a surprise 25bps rate hike, making this the 11th rate rise over the last 12 months.

Future investment strategy

Global equity markets remain torn. On one hand there are encouraging signs that inflation is moderating which suggests interest rates should therefore be close to peaking. On the other hand the impact on corporate earnings from the global economic slowdown is likely to have further to run.

The Australian reporting season in February suggested that earnings growth is slowing but not at an alarming rate. House prices stabilised in most capital cities after our Reserve Bank took a one-month pause in its regime of rate hikes. The surprising May hike could make this a short-term event and, while the economy is not deteriorating in a precipitous way, consumer trends do appear to be weakening, which suggests that higher interest rates and other cost of living pressures are starting to have a meaningful impact. We expect the interim results of three of the major banks this month will reinforce the trend of slowing growth but few signs of distress in the way of a noticeable rise in impaired loans.

The US March quarter reporting season currently under way is thus far painting a similar picture. The slightly downbeat earnings expectations generated by cautious outlook statements in January are proving too pessimistic and full-year earnings forecasts for some companies are actually being increased slightly at this point. Of course, in the current environment, too much evidence of economic resilience risks Central Banks retaining a tightening bias, so as to ensure that inflation continues to moderate and doesn't become entrenched at current high levels.

On balance, we continue to see a risk that both global equity markets and domestic investors are pricing in stabilising interest rates without taking into account the substantial lags in economic impact of the sharp increase in interest rates around the world in the last 12 months. China's influence on the global economy in general, and particularly on Australian resource exports, has also become more uncertain. While trends generally remain positive, the strong momentum observed earlier in the year has cooled somewhat, and residential construction has failed to pick up meaningfully.

Whether this means the Chinese Government accepts a muted recovery or will rather choose to introduce additional stimulus measures should become more clear in the next few months.

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