

# Fund Summary

## OnePath Blue Chip Imputation Trust Wholesale

30 June 2023

### Fund details

<b>Investment manager</b>	OnePath Funds Management sub- advised by Tyndall Asset Management
<b>Fund code</b>	MMF0340AU
<b>Asset type</b>	Equity / All Cap
<b>Region</b>	Australia
<b>Fund size</b>	\$3.80 million as at 30 Jun 2023
<b>Commencement date</b>	01 Nov 2001
<b>Distributions</b>	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

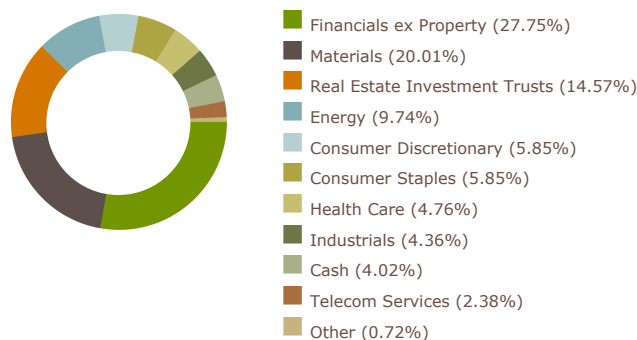
5 years

### 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](http://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.

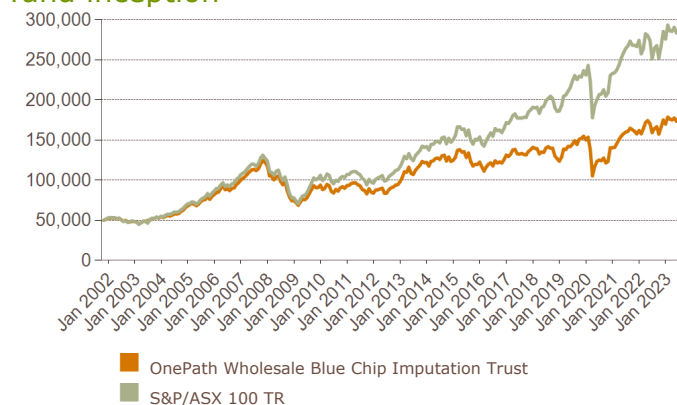
### Fund performance

As at 30 Jun 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
<b>Total Return †</b>	2.15	1.19	11.22	12.30	4.79	6.01	5.16
<b>Benchmark ‡</b>	1.94	1.17	15.13	11.86	7.76	9.32	8.78
<b>Excess Return</b>	0.22	0.01	-3.91	0.45	-2.96	-3.31	-3.62
<b>Distribution</b>	1.33	1.31	5.26	5.01	4.97	4.60	4.71
<b>Growth</b>	0.83	-0.13	5.96	7.30	-0.17	1.40	0.45
<b>Risk (1 Std Dev)</b>	-	-	12.34	12.85	17.62	15.60	14.72
<b>Tracking Error</b>	-	-	3.05	4.70	5.34	4.72	4.16
<b>Info. Ratio</b>	-	-	-1.3	0.1	-0.6	-0.7	-0.9

Calendar year returns	YTD	2022	2021	2020	2019
<b>Total Return †</b>	4.26	4.96	15.29	-6.49	21.48
<b>Benchmark ‡</b>	4.72	0.63	17.65	0.80	24.06
<b>Excess Return</b>	-0.45	4.33	-2.37	-7.29	-2.58

### Growth of \$50,000 invested since fund inception



### Top 10 holdings

Security	% of fund
BHP GROUP LTD - ORD NPV	7.89%
ANZ GROUP HOLDINGS LIMITED - O	7.64%
RIO TINTO GROUP - ORD NPV (AUS)	7.14%
TELSTRA GROUP LIMITED - ORD NP	5.55%
WESTPAC BANKING CORP - ORD NPV	4.83%
NATIONAL AUSTRALIA BK - ORD NP	4.60%
COMMONWEALTH BANK AUSTRALIA -	4.59%
WOODSIDE ENERGY GROU	4.48%
QBE INSURANCE GROUP LTD - ORD	3.52%
CSL LTD - ORD NPV	3.11%
<b>Total Top 10</b>	<b>53.35%</b>

# Fund Summary

## OnePath Blue Chip Imputation Trust Wholesale

30 June 2023

### Market and portfolio review

Equity markets rose in June, continuing to defy expectations throughout 2023 as expectations of a paradigm shift in AI drove tech stocks even higher and bond yields stabilised as inflation fell from peak levels. Australia's S&P/ASX 300 Index delivered a 1% return over the June quarter including dividends, underperforming both the MSCI World (+6.8%) and the US S&P 500 (+8.8%).

Australia's lower exposure to tech stocks and greater reliance on China for its exports led to relative underperformance, and was further exacerbated by huge outperformance within the US mega-caps tech stocks.

The slowing Chinese economy weighed on its sharemarket, with the Shanghai Composite falling 6.9% in AUD terms, contributing to weaker performance in Emerging Markets. Sector performance in Australia was led by Tech (+18%), Utilities (+4%) and Energy (+3.8%) while Healthcare (-3.1%), Materials (-2.7%) and Consumer Discretionary (-1.9%) were the laggards. Despite a rebound in the miners and in some commodity prices in June, this wasn't enough to make up for sharper falls earlier in the quarter.

Iron ore fell 11% to USD108 over the quarter, yet rebounded 10% last month on hopes China stimulus will ignite growth, although measures such as a 10bp rate cut and EV subsidies have thus far been insufficient.

Oil prices fell 6% over the quarter to USD71/bbl. Bond yields have traded in a narrow 50bps range this year, with US bond yields at 3.83%, only 4bps lower than where they started the year at 3.87%.

Consumer confidence in the US rebounded sharply, helped by signs that inflation is cooling and a willingness for people to continue spending if still employed. The spending shift from goods to services there continued with the travel industry still reaping the benefits of pent-up demand for holidays post Covid, although here the Australian consumer outlook painted a less rosy picture, with cost of living pressures and higher mortgage rates hurting the domestic retail sector. After lifting rates in May and June, the RBA kept rates on hold at 4.1% at the start of July, the second pause since this rate cycle started and possibly an acknowledgment that 13 months of hikes is helping to reign in spending and cool inflation.

### Future investment strategy

Despite a fairly flat June Quarter, equity market returns in the first half of this calendar year continued to surprise positively, taking returns for the financial year just ended well above long term averages. A likely peak in the rate of inflation in several regions, including Australia, together with slower, but still resilient, economic and corporate profit growth have been the main drivers of the solid returns.

There is a significant risk that the leads and lags between implementing higher interest rates and those rates impacting on the economy are just longer than anyone anticipates. This is especially true since the RBA, as well as policy makers in the US and Europe, don't appear yet to be finished with the current tightening cycle. Employment and wages growth in particular remain stronger than has typically been associated with achieving targeted inflation rates. Historically, cuts in interest rates have not been too far behind the last hike, the reason being that central banks usually struggle to finesse the much-desired soft landing scenario. They have often kept lifting rates until the economy has ground to a halt, prompting a quick policy reversal. From a sector perspective there are few clear winners in the current environment. The Consumer exposed sectors, other than the supermarkets, are finally seeing a more broad-based weakening. Banks are facing higher funding costs, slower credit growth and potentially higher credit losses while Resources will require China to meaningfully step up its stimulus measures, something its Government to date has been unwilling or unable to do.

The Property sector has attracted a degree of renewed interest after sharp underperformance and what appears to be attractive share prices relative to reported net asset values.

However, in our view it would not take much in the way of higher investment yields required by direct property investors for those discounts to narrow meaningfully. Meanwhile, a combination of high vacancy rates resulting in constrained net rental income growth (with industrial/logistics still the positive exception) and higher funding costs is making it challenging for the sector in aggregate to grow dividends, the main historical appeal of this sector.

With few broader sector opportunities, bottom-up stock selection looks like the best opportunity for differentiated investment returns in the financial year ahead.

OnePath Funds Management Limited (ABN 21 003 002 800 AFSL 23 8342) and OnePath Custodians Pty Limited (ABN 12 008 508 496 AFSL 238346 RSE L0000673) are the issuers of this material. Except as described in the relevant Product Disclosure Statement (PDS), the issuers do not stand behind or guarantee the capital or performance of your investment. Your investment is subject to investment risk, including possible repayment delays and loss of income and principal invested.

This information is current as at 30 Jun 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](http://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.