Fund Commentary

Performance drivers and positioning of the fund for the recent calendar quarter are explained below. Our investment experts also provide regular investment updates at mlcam.com.au/insights

The fund delivered a negative return of -1.1% for the quarter and 0.7% in the year to 30 June 2023 (before fees and tax). The fund outperformed the benchmark return by 0.5% for the quarter and 0.6% over the past year.

Global government bond yields have risen in the past three months. Better global economic activity and tough talk from central banks on the need to reduce inflation have driven higher bond yields. Investors also preferred global shares over bonds given the mania for 'Artificial Intelligence' (AI) technology stocks and a stabilisation in the US banking system after March's 'Silicon Valley' crisis.

Corporate bonds have also benefitted from improving risk appetite with narrower credit spreads. Investors are finding the current corporate yields as now providing attractive income potential compared to recent years.

During the June quarter MLC appointed new managers to the fixed income's extended credit strategy. We believe the addition of Bentham Asset Management and Stone Harbor Investment Partners will provide better risk-adjusted return outcomes for the fund's extended credit strategy. These new investment manager strategies have diversity of investment approach, insight, and demonstrated ability at outperforming their market benchmarks.

Please refer to the 'Market commentary' for an overview of what happened in other domestic and global markets over the quarter.

Note:
- Commentary for this fund will be updated approximately three weeks after the end of the calendar quarter.