

Fund Summary

OnePath Blue Chip Imputation Trust Wholesale

31 July 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 31 Jul 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

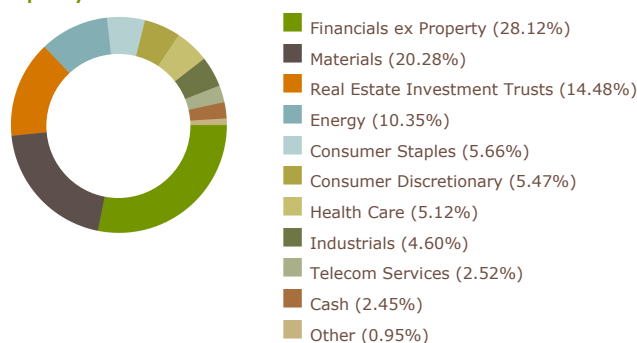
5 years

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.

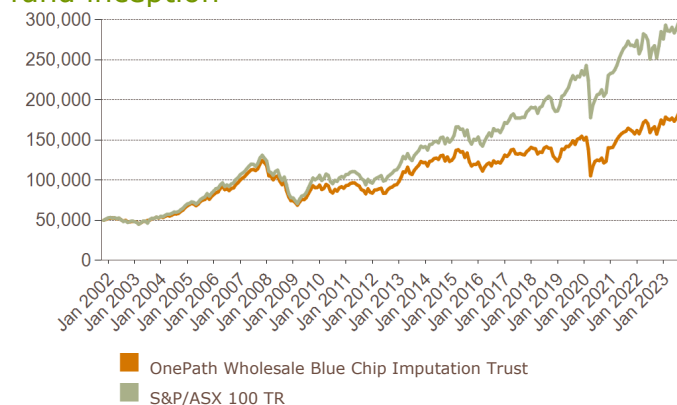
Fund performance

As at 31 Jul 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	3.64	3.48	11.75	13.87	5.31	5.75	5.04
Benchmark ‡	2.82	2.25	12.41	12.71	8.01	8.83	8.56
Excess Return	0.82	1.23	-0.66	1.16	-2.70	-3.07	-3.52
Distribution	0.01	1.36	5.28	5.08	4.75	4.59	4.50
Growth	3.63	2.12	6.47	8.79	0.56	1.16	0.54
Risk (1 Std Dev)	-	-	12.45	12.90	17.67	15.54	14.69
Tracking Error	-	-	2.48	4.67	5.36	4.73	4.17
Info. Ratio	-	-	-0.3	0.2	-0.5	-0.6	-0.8

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	8.06	4.96	15.29	-6.49	21.48
Benchmark ‡	7.67	0.63	17.65	0.80	24.06
Excess Return	0.39	4.33	-2.37	-7.29	-2.58

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
ANZ GROUP	8.15%
BHP GROUP LTD.	7.97%
RIO TINTO LTD.	7.27%
TELSTRA GROUP	5.50%
WOODSIDE ENERGY GROU	4.85%
COMMONWEALTH BANK OF AUSTRALIA	4.75%
WESTPAC BANKING CORP.	3.91%
NATIONAL AUSTRALIA BANK LTD	3.77%
CSL LTD.	3.34%
QBE INSURANCE GROUP LTD	3.32%
Total Top 10	52.83%

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Market and portfolio review

Equity markets continued to grind higher, with global shares rising for a seventh consecutive month in AUD terms. Inflation fell further which has resulted in expectations, both here and in the US, that rates might now have peaked. Combined with the resilient jobs market, this has shifted market sentiment away from a possible recession to a soft landing. Australia's S&P/ASX 300 index gained 2.9% and is now up 7.3% for 2023 to date.

Energy stocks were the key driver of Australia's performance in July, with a 16% rise in oil prices leading the sector higher as Russia cut exports; stronger-than-expected economic growth in the US was additionally supportive. Energy stocks gained 8.4% last month for the best performance, with financials (+4.9%) and Tech (+4.8%) also outperforming. Defensive sectors lost value, with healthcare (-1.5%) and consumer staples (-1.1%) the weakest.

The market had to digest a number of quarterly production reports from mining companies in July, a few common factors included solid production numbers, increases in capital expenditure and softening in some pricing, all of which contributed to fairly cautious guidance. Iron ore prices have held up quite well despite the slowing China economy and a property market there that has thus far failed to rebound. Lower inflation in the June quarter took some pressure off the RBA and was enough of a signal for it to leave rates on hold for another month, only the second since the hiking cycle began. Annual CPI for the June quarter came in at 6%, below forecasts and comfortably below the 7 of the prior quarter.

Future investment strategy

The Australian equity market strengthened again in July, boosted by the RBA keeping rates on hold for a second consecutive month. While not yet declaring victory, the RBA appears slightly more confident that it can get inflation back in to its targeted 2-3% range, without further hikes and without pushing the economy into recession, although it expects it could take another couple of years to achieve this. Other central banks, including the US Federal Reserve, are also sounding more assured they have the treasured soft landing path in sight. This would be a major achievement that few central banks have managed in the past. Of course, it would also mean they would have little incentive to cut rates any time soon. Consumers and corporates will likely have to learn to live for longer with higher interest rates than consensus has so far predicted.

The imminent August reporting season will provide important insights into just how much the economy has already slowed. The US reporting season, which is now largely complete, has seen small positive changes to earnings expectations, i.e. smaller declines for this year and slightly more growth for next year – albeit still modest – than previously predicted.

The much-anticipated Politburo meeting in Beijing came and went without large stimulus measures being announced. While its language suggests more support will ultimately be forthcoming, Chinese authorities still appear more focused on not risking further deterioration in the economy than returning to the debt-fuelled initiatives of the past, which were so positive for demand for Australian commodities. A bright spot has been the price of Oil, which has lifted due to solid demand, disciplined OPEC production and ongoing geopolitical tension. For the first time in a while, the price of Oil is now above the level analysts are assuming for both the year ahead and longer term. While inherently volatile, if the price is sustained at these levels it should provide support for the Energy sector.

In summary, economic news continues to point to a fairly orderly slowdown in corporate operational profits, even though a more severe fall in economic activity later in the year still presents a meaningful risk. Interest rates look to stay stubbornly high driven by the resilient economy and a growing realisation that US Government funding needs might also require higher rates than in the past to attract demand. High investor expectations suggest little room for disappointment in the months ahead.

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This information is current as at 31 Jul 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.