

### Investment objective

Aims to provide positive returns of 3% to 5% per annum above Australian inflation<sup>1</sup> over the medium term (before fees). It also seeks to provide regular income.

<sup>1</sup> Defined as the Consumer Price Index (CPI) as measured by the Reserve Bank of Australia Trimmed Mean and as published by the Australian Bureau of Statistics.

### Key information

Fund details	
APIR code	MAQ3069AU
Inception date	30 September 2013
Fund size	\$276.0m
Distribution frequency	Monthly
Management fee*	0.70% pa
Minimum investment (Direct)	\$20,000
Unit prices and spreads	<a href="http://macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

\*Read the Product Disclosure Statement for more details on fees and costs.

### Fund statistics

Credit spread duration	2.1 years
Interest rate duration	2.9 years

### Fund performance to 30 November 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)	Australian inflation
1 month (%)	0.60	0.57	0.01	0.56	0.17
3 months (%)	-1.37	-1.52	0.01	-1.53	0.70
1 year (%)	4.33	3.62	0.02	3.60	2.01
3 years (% pa)	9.50	8.73	0.68	8.05	1.58
5 years (% pa)	7.63	6.83	1.14	5.69	1.65
Since inception (% pa)	6.20	5.40	1.63	3.77	1.86

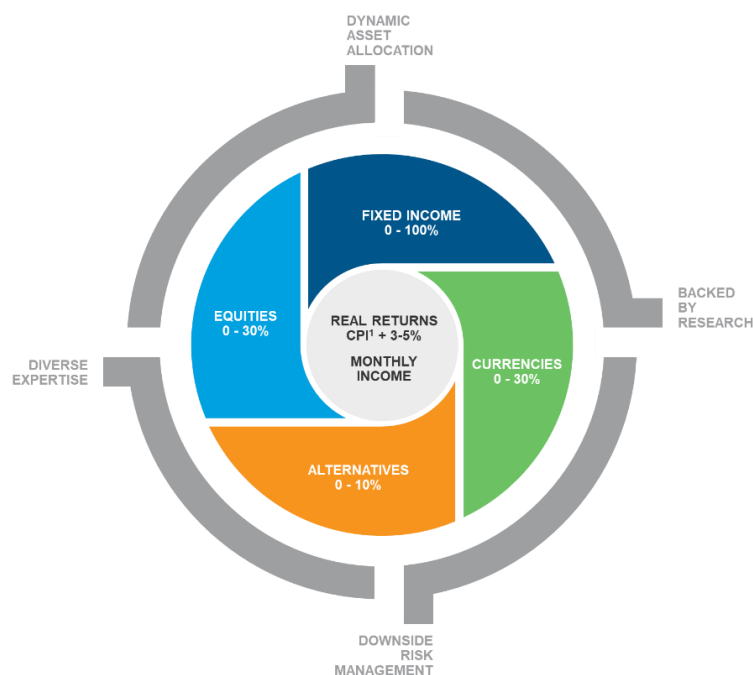
#### Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

Benchmark is Bloomberg AusBond Bank Bill Index.

### Asset allocation



Sector	Security type	Fund (%)
Fixed income and cash	Investment grade credit	36.9
	Structured securities	2.7
	High yield credit / Emerging markets debt	16.2
	Cash and government bonds	21.9
Listed equities	Australian equities	14.5
	International equities	6.7
Alternatives	Alternative assets	1.1

# Macquarie Real Return Opportunities Fund

Monthly report – 30 November 2021

## Fund performance and positioning

The Fund delivered a positive return over the month, which was primarily driven by the Fund's allocation to defensive assets.

## Asset allocation changes

In November, international and Australian equities performed negatively, detracting -1.5% and -0.5%, respectively. The negative performance in equity markets was predominantly driven by the discovery of 'Omicron', a potentially more contagious COVID-19 variant from South Africa, and the expectation that global monetary policy is on a tightening trajectory. With regard to fixed interest, the sector delivered a positive result and recovered significantly from the October, returning +2.1% domestically and +1.1% offshore.

It is important to recognise the uncertainties ahead of us and plan our asset allocation strategies accordingly as uncertainties unfold. In our view, there are two areas of concern that require attention in portfolio positioning; firstly, the consideration to asset allocation if 'Omicron' posed significant health challenges globally; and secondly, the asset allocation implication in a scenario where 'Omicron' does not pose a health threat globally and global central banks continue their tightening trajectory. With careful consideration, we maintain an overall overweight bias to growth assets. However, we foresee significant volatilities in the medium term particularly in the fixed income market. We continue to monitor the Fund's fixed income exposure cautiously and expect to reduce the asset allocation weights to fixed income exposures in the medium term.

## Asset allocation strategy and outlook

The severity and vaccine evasiveness of the fast spreading 'Omicron' variant is likely to impact the world's public health system and economy in a binary manner. In our view, in a scenario that 'Omicron' poses a significant challenge to global public health system, the negative social and economic impact will likely be sufficiently met by further fiscal and monetary stimulus. Subsequently, and somewhat counterintuitively, we see limited downside risks to growth asset. However, in such a scenario, we foresee further interruption to the global demand and supply conditions. This in turn, will lead to higher long-term inflation when the proposed outbreak stabilises.

In the second proposed scenario where central banks continue to taper to curb inflation, we expect growth assets would continue to perform positively in a moderate-to high-inflation environment, so long as the pace of policy tightening is modest. It is important to recognise that 'tapering' is to reduce the current monetary stimulus effort. However, the monetary policy remains stimulatory with central bank balance sheets continuing to expand, albeit at a slower pace. In light of this, market volatilities in both equity and fixed income markets are likely to increase.

Putting this together, the asset allocation strategy for the Fund continues focus on enabling investors to participate in growth assets as the 'chase for yield' theme is likely to persist, while at the same time protecting investors from the emerging stagflation risks and rising volatilities due to central bank tapering. To achieve this, our asset allocation strategy focusses primarily in two areas. Firstly, we continue to look for opportunities to acquire put option protection for equities whilst volatility is low, and utilise these put options to not only help investors manage market volatility but also enhance return when valuations improve. Secondly, within sector selection we continue to focus on exposures that will offer the best risk-adjusted outcome should market tail risks emerge. As such, we have maintained a high level of allocation to 'value' sectors, such as Australian equities.

**For more information speak to your financial adviser, call us on 1800 814 523, email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com) or visit [macquarie.com](http://macquarie.com)**

## Important information

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