

## Capital Group New Perspective Fund (AU)

### Market review - one month

- Global equities lost ground over April as inflation and interest rate expectations rose further. Growth stocks trailed value, while cyclical sectors lagged defensive ones, given increasing signs of a slowdown across the global economy. As growth and cyclical heavyweights came under pressure, US equities lagged. Commodities were mixed, with industrial metals prices easing amid flagging Chinese demand, while food and energy prices advanced against the continuing Russia-Ukraine conflict. The CBOE Volatility Index (VIX) ended at 33.4, surging 62.5% over the month. (A VIX reading below 20 is widely viewed as an indicator of market stability.)
- Sector returns in the MSCI All Country World Index were mostly negative. Communication services, information technology and consumer discretionary led the decline. Given increasing worries over the risk of recession or stagflation, there were also significant losses from the financials, industrials and materials sectors. Meanwhile, the only sector to buck the wider trend was consumer staples, which generated a marginally positive return over the month, as several household names announced price increases.

### Portfolio review - one month

- For the month ended 30 April 2022, Capital Group New Perspective Fund (AU) returned -4.9%<sup>1</sup> before fees, while the index returned -2.8%<sup>3</sup>; net of fees, the fund returned -4.9%<sup>2</sup>. For the 12-month period, the fund returned -2.6%<sup>1</sup> before fees and -3.5%<sup>2</sup> net of fees, compared to the index's return of 2.8%<sup>3</sup>.

### Relative detractors

- Consumer discretionary: The choice of stocks and, to a lesser extent, an above-index holding in the consumer discretionary sector weighed on relative returns. Holding **Tesla** was detrimental as the stock fell 19% over April. Shares in the electric vehicle maker slid as CEO Elon Musk sold significant amounts of Tesla stock to partially fund his planned acquisition of social network Twitter.
- Communication services: Stock selection in the communication services sector detracted from relative returns. Shares of **Netflix** slumped 49% when it announced it had suffered its first net subscriber loss in a decade. Netflix acknowledged competitors were eating into its audience and vowed to improve the quality of its programming. It also pledged to crack down on households that share other users' accounts.
- Health care: The choice of stocks in the health care sector also had a negative impact on relative returns. Shares of **Intuitive Surgical** fell 21% over April. The company, which offers robotic products designed to improve clinical outcomes of patients through minimally invasive surgery, warned that supply constraints were hindering its ability to meet customer demand, while COVID-19 was weighing on procedures activity.

### Relative contributors

- At the stock level, a below-index exposure to **NVIDIA** was beneficial as the stock was down 32%. Shares were pressured by worries over the computing company's outlook given slowing demand for GPUs used in crypto mining, as well as the impact of factory shutdowns in China.

- A position in **Sherwin-Williams** contributed positively, with the stock rising 10% after first-quarter 2022 earnings and revenue beat estimates. The paint and coating maker said it had benefited from strong demand for its products, assuaging concerns that a slowing housing market or inflation may be taking a toll on its business.
- A holding in Indian conglomerate **Reliance Industries** was another positive. Shares advanced 6% over the month, hitting a record high after the announcement of a tripartite partnership between Bodhi Tree Systems, Viacom18 and Reliance Projects & Property Management Services, a wholly owned subsidiary of Reliance Industries, to form one of the largest TV and digital streaming firms in India.

Index returns are shown in US dollar terms while stock returns are total returns as shown in local currency terms, unless otherwise stated. Sources: Capital Group, MSCI

<sup>1</sup> Returns are before management fees and expenses, in Australian dollar terms. Source: Capital Group

<sup>2</sup> Returns are net of fees at maximum management fee, in Australian dollar terms. Source: Capital Group

<sup>3</sup> MSCI ACWI with net dividends reinvested, in Australian dollar terms. Source: MSCI

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