

# Fund Summary

## OnePath Tax Effective Income Trust Wholesale

31 March 2021

### Fund details

|                    |                                  |
|--------------------|----------------------------------|
| Investment manager | OnePath Funds Management         |
| Fund code          | MMF0700AU                        |
| Asset type         | Multi-Asset / Balanced Growth    |
| Region             | Australia                        |
| Fund size          | \$7.73 million as at 31 Mar 2021 |
| Commencement date  | 27 Feb 2004                      |
| Distributions      | Quarterly                        |

### Investment objective

The fund aims to provide income and achieve returns (before fees and taxes) that on average exceed inflation by at least 4.5% p.a., over periods of ten years or more.

### Investment strategy

The fund invests in a diversified mix of Australian assets with a bias towards income producing growth assets. The underlying investments are actively managed in accordance with a disciplined investment process.

### Minimum time horizon

10 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:



### Asset allocation



- Australian Shares (35.71%)
- Real Estate Investment Trusts (33.89%)
- Australian Fixed Interest (20.65%)
- Cash (9.74%)

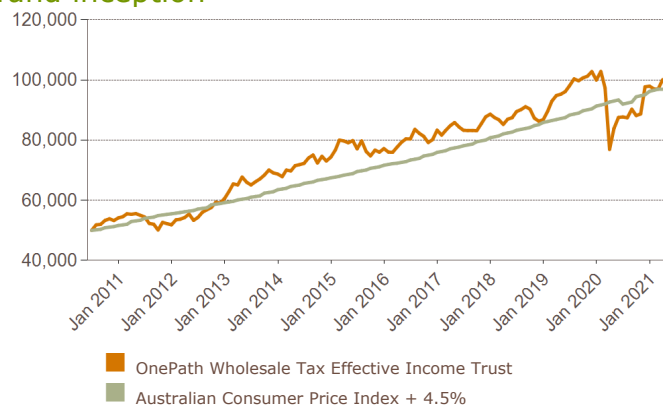
### Fund performance

As at 31 Mar 2021

|                  | 1 mth % | 3 mth % | 1 yr % | 3 yr % pa | 5 yr % pa | 7 yr % pa | 10 yr % pa |
|------------------|---------|---------|--------|-----------|-----------|-----------|------------|
| Total Return †   | 3.22    | 2.22    | 30.11  | 5.51      | 5.20      | 5.29      | 6.10       |
| Benchmark ‡      | 0.00    | 0.75    | 4.61   | 5.71      | 6.03      | 5.97      | 6.23       |
| Excess Return    | 3.22    | 1.47    | 25.49  | -0.19     | -0.84     | -0.68     | -0.13      |
| Distribution     | 0.53    | 0.53    | 4.89   | 3.91      | 3.59      | 3.51      | 3.68       |
| Growth           | 2.68    | 1.69    | 25.22  | 1.61      | 1.61      | 1.78      | 2.42       |
| Risk (1 Std Dev) | -       | -       | 13.57  | 16.27     | 13.20     | 11.97     | 10.92      |
| Tracking Error   | -       | -       | 14.24  | 16.65     | 13.50     | 12.27     | 11.20      |
| Info. Ratio      | -       | -       | 1.8    | 0.0       | -0.1      | -0.1      | 0.0        |

| Calendar year returns | YTD  | 2020  | 2019  | 2018  | 2017  |
|-----------------------|------|-------|-------|-------|-------|
| Total Return †        | 2.22 | -2.02 | 15.15 | -2.06 | 6.38  |
| Benchmark ‡           | 0.75 | 5.36  | 6.34  | 6.28  | 6.41  |
| Excess Return         | 1.47 | -7.38 | 8.81  | -8.34 | -0.03 |

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



### Top 10 holdings

| Security                      | % of fund     |
|-------------------------------|---------------|
| AUSTRALIA NEW ZEALAND BANKING | 7.86%         |
| NATL AUST BANK ORD            | 7.16%         |
| BHP GROUP LTD ORD             | 6.40%         |
| TELSTRA ORD                   | 5.52%         |
| WESTPAC BANKING ORD           | 4.96%         |
| COLES GROUP LTD ORD           | 4.83%         |
| WOOLWORTHS GROUP ORD          | 3.12%         |
| SUNCORP GROUP ORD             | 3.00%         |
| DOWNER EDI ORDINARY           | 2.82%         |
| AURIZON HOLDINGS LTD          | 2.68%         |
| <b>Total Top 10</b>           | <b>48.34%</b> |

\* 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.

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31 March 2021

### Market and portfolio review

The S&P/ASX 200 Accumulation Index returned 2.4% during the month. Australian equities lagged most key offshore markets as commodity prices experienced a pull-back during March. In major global developed markets the DJ Euro Stoxx 50 was up 7.9%, the US S&P 500 was up 4.4%, the UK's FTSE 100 was up 4.2% while Japan's Nikkei 225 was the laggard, up 1.4% (in local currency terms).

Domestic economic data releases in March were mostly upbeat. December 2020 GDP was up 3.1% for the quarter, however the annual GDP rate was still negative at -1.1%. Employment rose by 88,700 positions in February. The unemployment rate fell to 5.8%, which was better than expected. The NAB Survey of Business Conditions rebounded to 15 in February, its highest level since early 2010. Business confidence was also higher at 16. Retail sales were up 0.5% in January. National CoreLogic dwelling prices saw another consecutive monthly rise in March, ending the month up 2.8%, which was the fastest monthly rise since October 1988.

M&A activity continues to be supported by low funding costs and improving confidence. REA Group announced its intention to acquire 100% of Mortgage Choice subject to shareholder and court approval, while Computershare raised capital to fund its acquisition of Wells Fargo Corporate Trust Services, as part of its US growth strategy. Meanwhile, private equity giant Blackstone made a highly opportunistic bid for Crown Resorts. Sector returns were mostly positive in March. The best performing sectors were consumer discretionary (7.0%), utilities (6.8%) and communication services (6.2%). Real estate (5.8%), financials (4.3%), industrials (3.8%), consumer staples (3.2%) and health care (2.5%) outperformed the index. Sectors that underperformed the broader index included energy (0.0%) and information technology (-2.9%). Materials (-3.0%) was the worst performing sector.

### Future investment strategy

The ongoing global COVID-19 situation remains fluid. Vaccinations continue to be rolled out across Australia and the rest of the world. However, the sheer scale of the task at hand means that the pathway back to normality will be long and bumpy. The Australian economic outlook is a function of keeping COVID-19 under control and the assumption the domestic vaccine roll-out gets back on track.

The global business cycle remains strong with strong Purchasing Manager's Index (PMI) and Institute of Supply Management (ISM) data helped by the unprecedented and rapid government interventions. The latest data shows Australian GDP growth remaining strong with Q4 expanding 3.1% over the quarter which was much better than consensus. Incredibly, Australia's GDP is only 1.1% below the level in Q4 2019, compared to the global median decline of 3%. Locally, the cessation of JobKeeper brings some uncertainty around the impact on small businesses. The RBA has updated its central economic forecasts, with expectations of 3.5% GDP growth in both 2021 and 2022. Their forecast unemployment rate has also been revised lower, with expectations it will fall to 6% by year end. Inflation is expected to remain subdued at 1.25% in 2021.

Despite the rotation and sharp rally in value that began in late 2020, it has still materially underperformed growth over the last few years. Value typically outperforms for at least 12 months after a major trough in earnings and we see little reason for this outcome not to be repeated.

The tough decade for value investors has created attractive investment opportunities that a well-disciplined value investor can harness. Our process is well positioned to take advantage of the opportunity set that requires a long-term investment horizon that looks through the current uncertainty, and a detailed bottom-up focus that identifies attractively priced companies that we believe are positioned to be rewarded in the economic recovery.

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