Fund Summary

OnePath Managed Growth Trust Wholesale

31 March 2021

Fund details

Investment manager	**OnePath Funds Management**
Fund code	MMF0115AU
Asset type	Multi-Asset / Balanced Growth
Region	Australia
Fund size	$25.26 million as at 31 Mar 2021
Commencement date	10 Mar 1998
Distributions	Quarterly

Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% p.a., over periods of ten years or more.

Investment strategy

The fund invests in a diversified mix of Australian and International assets with a strategic bias towards growth assets. The fund blends active and passive management styles from a selection of leading investment managers.

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:

1	2	3	4	5	6	7
Very low	Low	Low to medium	Medium	Medium to high	**High**	Very high

Asset allocation

- International Equities (29.28%)
- Australian Shares (24.64%)
- Other (18.89%)
- Australian Fixed Interest (11.12%)
- Real Estate Investment Trusts (9.56%)
- International Fixed Interest (3.52%)
- Cash (2.99%)

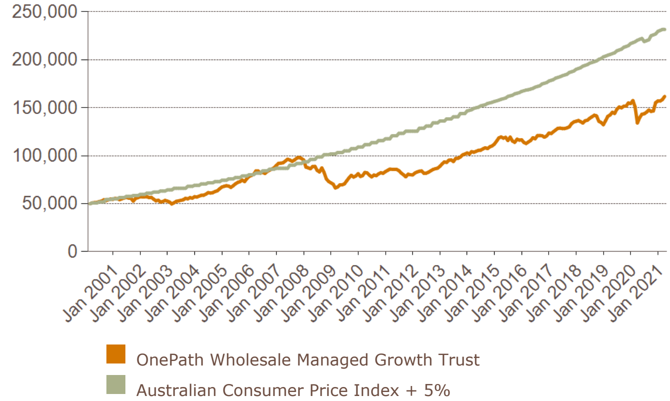
Fund performance

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 †	2.09	3.01	20.59	6.46	7.18	6.56	6.53
Benchmark ‡	0.00	0.83	5.07	6.19	6.52	6.46	6.72
Excess Return	2.09	2.18	15.52	0.27	0.66	0.10	-0.19
Distribution	0.94	0.94	11.11	7.06	8.18	8.88	7.25
Growth	1.15	2.07	9.48	-0.60	-0.99	-2.32	-0.71
Risk (1 Std Dev)	-	-	6.56	9.71	7.92	7.43	7.02
Tracking Error	-	-	7.39	10.11	8.25	7.75	7.56
Info. Ratio	-	-	2.1	0.0	0.1	0.0	0.0

Calendar year returns	YTD	2020	2019	2018	2017
Total Return †	3.01	1.72	16.64	-2.61	10.01
Benchmark ‡	0.83	5.86	6.84	6.78	6.91
Excess Return	2.18	-4.14	9.80	-9.39	3.10

Growth of $50,000 invested since fund inception



* 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.

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Market and portfolio review

Global equity markets were generally higher in the March quarter with the reflationary trade in full swing. Yield curve steepening, inflation expectations rising, continued strength in commodities and outperformance of value over growth stocks were all dominant features, triggered by huge amounts of stimulus putting upward pressure on price expectations. Uneven progress was made on the vaccine roll-out, with the US and UK well progressed while parts of South America and Europe continue to see surges in cases which prompted further lockdowns.

Australian shares (S&P/ASX 300 Index +3%) underperformed global markets in Q1, with the MSCI World Index +4.5%, the US S&P 500 Index +5.8% and the European Euro Stoxx 600 +7.6%, all in local currency price terms. Regions most severely impacted by Covid-19 were those that rebounded the most. Asian markets underperformed, with notable weakness from China, the Shanghai Composite falling 0.9%. A weaker currency and underperformance in the more expensive consumer and tech sectors were the primary drivers.

On a sector level in Australia, banks led the cyclical charge in Q1 (+14.7%), with consumer discretionary (+7.5%) and energy stocks (+2.4%) also outperforming. Growth stocks trading on high valuation multiples generally underperformed, with Tech (-10.6%) the worst sector and Healthcare (-2.7%) and Utilities (-2.6%) also weaker.

Commodities were generally stronger over the quarter, driven by oil prices with Brent up 23%, despite a pull-back in March. Iron ore fell 6.7% over the month, reversing gains made earlier in the year on concern that environmental policies will reduce Chinese steel production and rising supply. Copper prices gained 13.4%, while gold continued to weaken on higher yields and stronger demand for USD.

Future investment strategy

The strength of the economic recovery and its flow-on effect on bond yields are likely to continue to dominate the investment debate for the next several months. On the economic front data continues to come in ahead of expectations and this has positive implications for corporate earnings. With the vaccine rollout well underway in many countries and few signs of fiscal stimulus being meaningfully reined in, the economic outlook in much of the world remains positive. Australia's own vaccination program has been progressing more slowly. While disappointing for those looking forward to an overseas holiday, the success we've had in keeping the virus at bay should significantly limit any economic fallout from this delay.

Bond yields still appear too low in this context but may, having increased significantly over a short period of time, consolidate around current levels until more data on the progress of inflation and the durability of the economic outlook becomes available.

While earnings growth remains solid and there are multiple sources of further upside including lower bad debt charges for the Banks, commodity prices staying high for Resource companies and the ongoing general reopening of the economy, this now appears largely reflected in share prices, with the Australian equity market now having more than recovered all of its Covid-induced decline.

Further upside in the short term is thus likely to require a sustained fall in bond yields driven by reduced inflation concerns, or even stronger earnings growth. While neither is an impossible outcome, they are also not things we would be willing to rely on.

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