

Fund Summary

OnePath Global Shares

OneAnswer Investment Portfolio EF //Select

31 May 2022

Fund details

Investment manager	OnePath Funds Management sub- advised by Vontobel Asset Management (US)
Fund code	MMF0108AU
Asset type	Equity / Large Cap
Region	Global
Fund size	\$2.05 million as at 31 May 2022
Commencement date	05 Nov 1997
Distributions	Monthly

Investment objective

The fund aims to achieve returns (after costs but before fees and taxes) that exceed the MSCI World (excluding Australia) Net Total Return Index (unhedged and in AUD with net dividends reinvested), over periods of three years.

Investment strategy

The fund invests predominantly in a diversified portfolio of international shares selected in accordance with a disciplined investment process.

Minimum time horizon

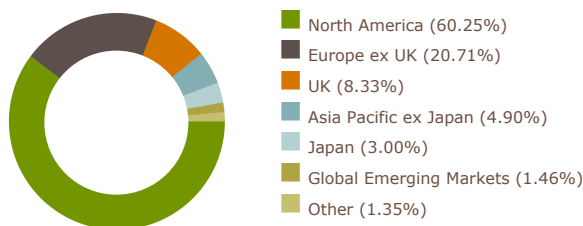
5 years

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:



Country allocation



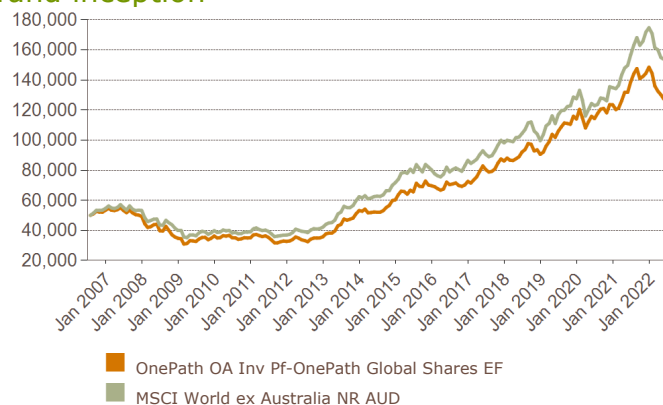
Fund performance

As at 31 May 2022

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-2.37	-6.55	-3.56	7.68	8.94	9.66	14.48
Benchmark ‡	-0.83	-4.82	2.64	11.44	10.58	9.64	14.58
Excess Return	-1.54	-1.72	-6.20	-3.75	-1.64	0.02	-0.10
Distribution	0.07	0.20	0.82	0.98	0.97	0.98	0.75
Growth	-2.45	-6.75	-4.38	6.71	7.96	8.67	13.45
Risk (1 Std Dev)	-	-	12.17	11.37	10.59	10.79	10.81
Tracking Error	-	-	3.94	4.57	4.48	4.66	4.34
Info. Ratio	-	-	-1.6	-0.8	-0.4	0.0	-0.1

Calendar year returns	YTD	2021	2020	2019	2018
Total Return †	-14.39	20.26	8.25	25.97	5.17
Benchmark ‡	-12.06	29.58	5.73	27.97	1.52
Excess Return	-2.33	-9.32	2.52	-2.00	3.65

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
MICROSOFT CORP - COM USD.00000	4.97%
MASTERCARD INC - CL A COM USD.	4.96%
NESTLE SA/AG - ORD CHF.1 (REGD)	4.75%
COCA-COLA CO - COM USD.5	4.47%
UNITEDHEALTH GROUP INC - COM U	4.33%
CME GROUP INC - CL A COM USD.0	4.30%
AMAZON.COM INC - COM USD.01	4.27%
HEINEKEN NV - ORD EUR1.6	3.49%
ALPHABET INC - CL C COM USD.00	3.32%
VISA INC - CL A COM USD.0001	3.29%
Total Top 10	42.15%

* 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 declined in the first quarter as the war in Ukraine fed into market concerns about geopolitical risks and energy supply. Investors also worried about spiking inflation and rising interest rates.

The pullback started in early January as US CPI hit a four-decade high of 7%. Supply side drivers of inflation also intensified following Russia's aggression against Ukraine, as oil spiked to its highest level since the financial crisis. The US announced that it was considering releasing reserves and the supply of oil and gas by Russia was not materially impacted, which sent the oil price lower. Still, global benchmark Brent Crude finished the quarter significantly higher. Federal Reserve Chair Jerome Powell implemented a 0.25% interest rate rise in March and guided to a return to a more "neutral" level, feeding expectations of a series of larger rate hikes.

Higher commodity costs, as well as logistical supply challenges, weighed heavily on Europe. Natural gas prices climbed by over 50% as the region wrestled with its dependency on Russia. As countries enacted sanctions, Germany halted certification of the Nordstream 2 gas pipeline. European oil and gas majors also had to contend with Russian exposure.

Chinese authorities continued regulatory measures in the first quarter with new rules targeting tech companies, although some commentators pointed to a softening approach as Beijing looked to defend economic growth. The country's zero-tolerance approach to COVID also came under scrutiny as it attempted to implement partial lockdowns in its economic hub Shanghai, and PMI readings slipped back. The US Securities and Exchange Commission identified Chinese ADRs that could be delisted from New York for not meeting auditing requirements, leading to sell-offs. The MSCI China was one of the weakest country performers, dragging back Asia Pacific and Emerging Markets indices' performance.

Future investment strategy

Market volatility heightened in the first quarter of 2022 as the war in Ukraine emerged. Investors are focused on the impact of the war on commodity and energy prices, and ultimately higher inflation and rising interest rates. All these issues are stark reminders to investors that events impacting the global economy and financial markets are becoming increasingly difficult to predict.

In the US, rising interest rates, declining fiscal stimulus, wage and price inflation, and lower consumer confidence increase the probability of potential monetary policy error and possible recession, which may become a reality towards the end of this year and into 2023. For the next few quarters, however, a normalization from COVID with respect to supply chains, industrial activity and consumer behavior should be important drivers of economic growth. Risk awareness in the markets can create opportunity and a focus on quality can help investors prepare for all outcomes.

Health care and consumer staples, traditionally defensive sectors, have lagged recently. However, we believe durable and predictable businesses in these sectors are well positioned to combat an inflationary environment. Well-established consumer staples companies typically have healthy gross margins and have decades of experience handling rising input costs with pricing power.

In a US tightening cycle, emerging market (EM) currencies tend to weaken, unless the governments in those countries also raise their rates. Navigating a bifurcated landscape in EM will become increasingly difficult as the year progresses, requiring an astute focus on both company fundamentals and operating environments.

EM economies aren't nearly as fragile as they used to be. Some EMs' budget and current account balances are stronger than some developed markets (DM). EMs are trading at a valuation discount to DMs, and increased pressure on EM stocks has created opportunities.

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This information is current as at 31 May 2022 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.