

Fund Summary

OnePath Property Securities Trust

Wholesale

30 June 2022

Fund details

Investment manager	OnePath Funds Management sub-advised by SG Hiscock & Company
Fund code	AJF0803AU
Asset type	Real Estate / Listed
Region	Australia
Fund size	\$0.80 million as at 30 Jun 2022
Commencement date	01 Oct 1993
Distributions	Quarterly

Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 200 AREIT Accumulation Index, over periods of three years or more.

Investment strategy

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

Minimum time horizon

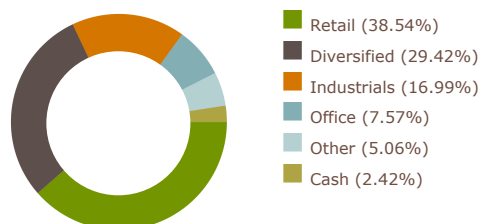
5 years

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:



Property sector allocation



Fund performance

As at 30 Jun 2022

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-9.60	-15.62	-10.04	-4.27	0.27	2.49	6.85
Benchmark ‡	-10.33	-17.68	-12.26	-2.75	4.41	5.44	9.17
Excess Return	0.73	2.06	2.21	-1.52	-4.13	-2.95	-2.32
Distribution	0.98	0.92	1.56	2.71	3.12	3.31	3.72
Growth	-10.58	-16.54	-11.61	-6.98	-2.85	-0.81	3.13
Risk (1 Std Dev)	-	-	16.74	30.56	24.34	21.47	19.07
Tracking Error	-	-	4.22	5.74	5.20	4.69	4.05
Info. Ratio	-	-	0.5	-0.3	-0.8	-0.6	-0.6

Calendar year returns	YTD	2021	2020	2019	2018
Total Return †	-18.84	20.14	-13.75	16.59	-7.31
Benchmark ‡	-23.53	26.14	-4.61	19.36	2.91
Excess Return	4.68	-6.00	-9.14	-2.77	-10.22

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
GOODMAN GROUP	16.84%
SCENTRE GROUP	14.70%
VICINITY CENTRES	11.82%
STOCKLAND STAPLED	10.85%
GPT GROUP	6.96%
MIRVAC GROUP	5.11%
DEXUS PROPERTY GROUP	4.70%
PEET LTD	3.84%
CHARTER HALL GROUP	3.14%
SHOPPING CENTRES AUSTRALASIA P	2.88%
Total Top 10	80.84%

* 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.

Fund Summary

OnePath Property Securities Trust Wholesale

30 June 2022

Market and portfolio review

The S&P/ASX 300 AREIT Accumulation Index dived 10.4% in June, as the rising rates complex continued to take its toll on equity markets and in particular profitless entities (namely tech). Tax loss selling is believed to have had an even greater impact than previous years, with key indicators suggesting that the markets and sector are oversold.

The RBA surprised some, lifting official cash rates by 50 bps in an overdue attempt to get in front of the inflationary pressures. The risk of a recession consequently grows, as the demand-side of the economy feels the force of on-going interest rate rises to curb the predominant and entrenched supply-side constraints. This whilst leading economic data is starting to highlight the economic stagnation associated with rising inflation.

Entities with a larger portion of active earnings streams (ex-Residential) drove the AREIT index down, led by the fund managers once more, which are being re-rated lower, given the unfavourable backdrop. Higher interest rates and lower multiple assumptions are belatedly continuing to be applied to their earnings streams. By property sector, industrial was the worst-performing, as its cap rates are the tightest heading into this contractionary environment.

The ten-year bond yield rose 31 bps to 3.66%, having exceed 4% intra-month, as the market priced in further interest rate rises. Real interest rates increased more significantly 46 bps, finishing at 1.41%. The market appears to be implying that the supply-side induced inflation will material subside over the medium-term.

Global REITs outperformed AREITs but were not immune to the rising rate environment, delivering negative 7.8%, dragged down by office. The general market (via the S&P/ASX 300 Accumulation Index) was down 9.0%. Materials were the main drag in Australia, as the growing concerns of an economic downturn implies less demand for inputs.

Future investment strategy

We continue to target Australian Real Estate Investment Trusts (AREITs) that provide solid fundamentals over the medium-to-long-term that are trading attractively relative to other AREITs. Overall we endeavour to invest in entities that offer a combination of:

- ? A Net Present Value ("NPV") Discount;
- ? An Internal Rate of Return ("IRR") Premium;
- ? Ideally a (Real, not manufactured) Free Cashflow Yield Premium; and
- ? A Lower Price to Net Asset Value ("NAV").

OnePath Funds Management Limited (ABN 21 003 002 800 AFSL 23 8342) and OnePath Custodians Pty Limited (ABN 12 008 508 496 AFSL 238346 RSE L0000673) are the issuers of this material. Except as described in the relevant Product Disclosure Statement (PDS), the issuers do not stand behind or guarantee the capital or performance of your investment. Your investment is subject to investment risk, including possible repayment delays and loss of income and principal invested.

This information is current as at 30 Jun 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.