

Fund Summary

OnePath Tax Effective Income Trust Wholesale

30 June 2022

Fund details

Investment manager	OnePath Funds Management
Fund code	MMF0700AU
Asset type	Multi-Asset / Balanced Growth
Region	Australia
Fund size	\$6.08 million as at 30 Jun 2022
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



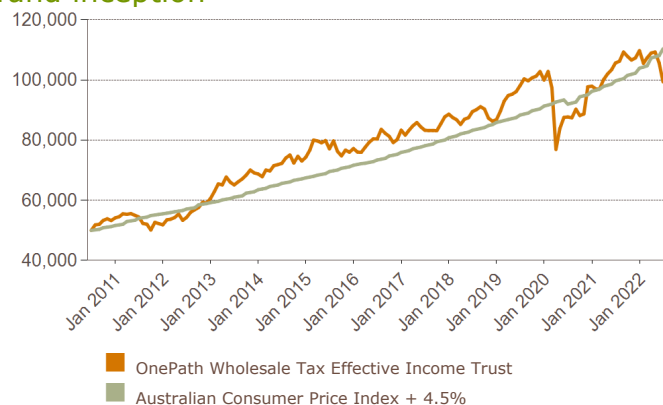
Australian Shares (38.23%)
Real Estate Investment Trusts (29.15%)
Australian Fixed Interest (22.65%)
Cash (9.96%)

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 †	-5.94	-8.81	-5.95	0.42	3.59	3.69	6.22
Benchmark ‡	2.10	2.85	10.70	7.70	7.15	6.82	6.81
Excess Return	-8.05	-11.66	-16.65	-7.28	-3.56	-3.13	-0.59
Distribution	0.56	0.54	1.97	3.06	3.33	3.29	3.47
Growth	-6.50	-9.36	-7.92	-2.64	0.26	0.40	2.76
Risk (1 Std Dev)	-	-	9.39	16.74	13.45	12.06	10.92
Tracking Error	-	-	10.05	17.21	13.85	12.38	11.25
Info. Ratio	-	-	-1.7	-0.4	-0.3	-0.3	-0.1

Calendar year returns	YTD	2021	2020	2019	2018
Total Return †	-9.45	12.04	-2.02	15.15	-2.06
Benchmark ‡	6.21	8.00	5.36	6.34	6.28
Excess Return	-15.66	4.04	-7.38	8.81	-8.34

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
BHP GROUP	7.44%
AUSTRALIA & NEW ZEALAND BANKIN	6.40%
WESTPAC BANKING CORP	5.95%
TELSTRA CORP	5.84%
WOODSIDE ENERGY GROUP	5.64%
RIO TINTO LTD.	4.36%
COMMONWEALTH BANK OF AUSTRALIA	3.88%
COLES GROUP	3.44%
NATIONAL AUSTRALIA BANK	3.35%
AURIZON HOLDINGS	2.86%
Total Top 10	49.17%

* 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

The S&P/ASX 200 Accumulation Index returned -8.8% during the month. Australian equities underperformed global equities which returned -4.9% as measured by the MSCI All Countries World Index (in AUD, unhedged). Global equities were weaker in June, as investors worry over rising inflation levels and the chance of an economic recession. In the major developed markets, the US S&P 500 returned -8.3%, Japan's Nikkei 225 returned -3.1%, UK's FTSE 100 returned -5.5% and the DJ Euro Stoxx 50 returned -8.7% (in local currency terms).

Monetary policy settings tightened during the month as the Reserve Bank of Australia (RBA) surprised the market in its June meeting raising the cash rate target by 50 bps, to 0.85%.

Domestic economic data releases in June were mostly weaker, employment being the exception. The unemployment rate was unchanged at 3.9%, remaining at its lowest on record for the third straight month. The NAB Survey of Business Conditions fell 2 points to 16 index points in May, remaining well above average. Business confidence fell 4 points in May to 6 index points, remaining just above its long-term average. Retail sales were up 0.9% in May.

Apart from consumer staples, all sectors were down in June. The best performing sectors were consumer staples (0.2%), energy (-0.3%) and health care (-3.1%). Communication services (-3.6%), industrials (-4.3%), utilities (-6.8%) and consumer discretionary (-7.3%) also outperformed the broader index. Real estate (-10.3%), information technology (-11.0%) and financials (-11.9%) all underperformed the broader index. Materials (-12.4%) was the worst performing sector.

The Fund outperformed the benchmark during June (net). Key contributors to performance included overweight holdings in Woodside, Coles and SkyCity Entertainment. Key detractors from performance included the overweight position in 29Metals, underweight allocation to CSL and the nil holding in Woolworths Group.

Future investment strategy

Global markets have remained volatile as rising inflation fuel concerns of a slowdown in economic growth with the Atlanta Fed suggesting the US is already in recession. The global economy continues to face numerous challenges such as the Russian-Ukraine war, ongoing supply-side issues, and COVID-19 related disruptions in China as the country seems to be pushing for Covid-zero.

The Australian economic outlook remains reasonably resilient despite the prospect of further rising interest rate rises and the myriad of global challenges being faced. The ongoing energy and power disruption is causing substantially higher power prices that are likely to remain for the next few years. This in combination with widespread inflationary pressures being felt in both goods and services was envisaged to do some of the heavy lifting for the RBA in slowing the economy. However, the RBA has taken the view that they need to move more swiftly given the inherent lags in monetary policy. The RBA has subsequently raised rates by 50 basis points in both June and July.

July tends to be confession season for companies leading into the August reporting. The market is starting to revise earnings down in some sectors and our expectations is that companies will have cautious outlook statements and pre-reporting downgrades are likely to increase given cost pressures and consumer sentiment at low levels. Fears of recession have increased resulting in many economically sensitive stocks to underperform and defensive stocks doing well. 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.

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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.