

Fund Summary

OnePath Global Shares

OneAnswer Investment Portfolio EF //Select

31 December 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	\$2.23 million as at 30 Dec 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

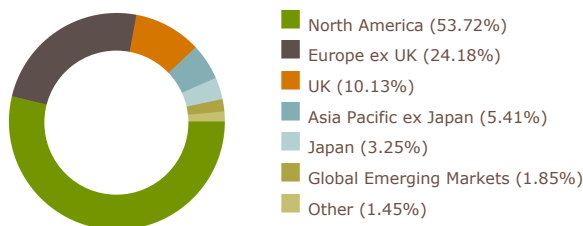
5 years

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



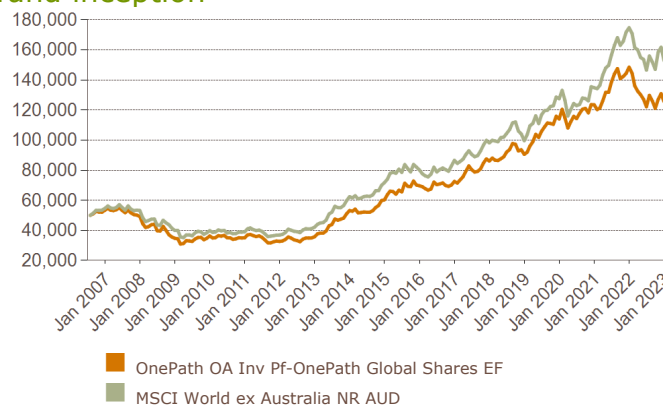
Fund performance

As at 31 Dec 2022

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-4.10	3.60	-15.47	3.24	7.83	8.77	13.60
Benchmark ‡	-5.49	3.95	-12.52	6.22	9.26	9.64	13.75
Excess Return	1.39	-0.35	-2.95	-2.98	-1.43	-0.87	-0.15
Distribution	0.07	0.22	0.72	0.88	0.97	0.97	0.80
Growth	-4.17	3.38	-16.19	2.35	6.86	7.80	12.57
Risk (1 Std Dev)	-	-	13.27	12.55	11.31	10.80	11.25
Tracking Error	-	-	4.57	4.59	4.71	4.58	4.45
Info. Ratio	-	-	-0.6	-0.6	-0.3	-0.2	-0.1

Calendar year returns	2022	2021	2020	2019	2018
Total Return †	-15.47	20.26	8.25	25.97	5.17
Benchmark ‡	-12.52	29.58	5.73	27.97	1.52
Excess Return	-2.95	-9.32	2.52	-2.00	3.65

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
MICROSOFT CORP	5.12%
COCA-COLA CO	4.15%
NESTLE SA REG	4.03%
VONTOBEL INDIA FUND	3.94%
CME GROUP INC A	3.76%
BOSTON SCIENTIFIC CORP	3.62%
RELX PLC	3.54%
MASTERCARD INC A	3.37%
UNITEDHEALTH GROUP INC	3.31%
HEINEKEN NV	3.26%
Total Top 10	38.10%

* 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

Central banks around the world continued to battle inflation with the persistent hiking of interest rates in the fourth quarter. However, November data, particularly in the US, EU and UK, indicated a lower year-over-year inflation rate as energy prices fell from highs seen at the end of the second quarter.

Hopes of an end to the Federal Reserve's tightening cycle boosted US equities early in the quarter, with consumer price inflation softening to 7.1% in November. However, Fed Chair Jerome Powell warned that policymakers still had "more ground to cover" in the fight against inflation, dampening the mood in markets in December. Recession fears also intensified, and the US dollar, which had been a pillar of strength the past few years, retreated 8.5%.

European Central Bank President Christine Lagarde cautioned that interest rates may need to be increased to levels that would restrict economic growth. In the UK, budget cuts and tax rises under new Prime Minister Rishi Sunak helped stabilize the sterling but did not alleviate pressure on the economy. The Bank of England hiked interest rates again in December, while UK growth was revised down to -0.3% in the third quarter with recession forecast to last until the end of 2023.

There were some positive signals as mild fall weather reduced the drain on European natural gas reserves through October and November, and forecasts for above-average temperatures in Northern Europe into 2023 further relieved pressure on natural gas prices.

China ended the year on a strong note with optimism for the economy. In December, China abandoned many elements of its zero-COVID policy following public protests, releasing a rally in share prices and pent-up demand for tourism. At the same time, COVID cases spiked sharply, leading some countries to introduce renewed checks on visitors from China. The rise in infections also prompted concerns about the impact on global supply chains.

Indian equities benefited from the continued shift in supply chains away from China and the country's expanding middle class consumer base. The World Bank upgraded its fiscal year 2023 GDP growth forecast for the country to 6.9%, expecting it to remain one of the fastest growing major economies in the world.

Indonesia's economy also continued to perform strongly, registering 5.7 year-on-year growth in the third quarter, buoyed by investment and consumer spending. In Latin America, Brazilian markets were volatile following the victory of the left-wing's Luiz Inacio Lula da Silva in presidential elections, with budget cap changes prompting concerns about looser fiscal discipline.

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This information is current as at 31 Dec 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.

Future investment strategy

The unemployment rate will be a key factor in determining the economic health of the US consumer. In most previous recessions, the increase in unemployment has generally not been more than 2 percentage points. Barring a deeper crisis, should US unemployment increase from 3.5% to around 5%, it would still be relatively low in a historical context. Further, US consumers' largest monthly expense is their mortgage, and many have locked-in favorable 30-year fixed rates.

Consumers should have the ability to increase spending in aggregate, although spending patterns may shift away from discretionary products and services.

The 2022 sell-off has increased the attractiveness of some blue-chip names. An increased focus on costs at Alphabet and Amazon, combined with growth potential, could make them even more prodigious free cash flow generators.

Europe's structural problems – an over-regulated economy and declining population – have been exacerbated by energy uncertainty. Europe faces challenges in securing alternative energy sources and limiting price rises for consumers while meeting its emissions ambitions. In 2021, Russia accounted for about 40% of EU gas imports and about 25% of its oil. But that reliance is not evenly spread, with greater consumption of Russian gas in Germany and Poland than in France. The continent is also at risk of further security breaches and other disruption that could put it back into a supply crisis.

In India and Indonesia, fiscal stimulus has been more moderate than in developed markets and central banks have been prudent with monetary policy. Consumers are underleveraged and credit growth is improving. Income growth in India's urban markets is ahead of inflation and the IT sector is performing well. Importantly, both countries' currencies have held up relatively well, despite sharp US rate rises.

Some investors underestimate China's manufacturing position, which is difficult to replicate. Supply chain shifts are happening but will be gradual. Vietnam is well-positioned to be a long-term beneficiary of supply chain shifts thanks to its young and educated workforce, as well as its economy that has geared up for semiconductor and apparel manufacturing. India, Indonesia, and Malaysia have benefited to a lesser extent. India is increasing its domestic manufacturing through its Product Linked Incentive (PLI) scheme, offering incentives on incremental sales of goods manufactured in India.

The crackdown on leverage among property developers has exacerbated China's real estate crisis. The problem is somewhat bigger than reports suggest and there is still concern about leverage in the broader economy. Given relatively moderate government stimulus, it will take time to stabilize the property market even after the changes announced at the recent Congress of the Chinese Communist Party. We remain cautious about a recovery in property and banking, as well as basic materials tied to construction.

Some investors are moving away from growth, creating more realistic sentiment and opportunities for disciplined growth investors to find better entry points. An irrational era characterized by excess liquidity has come to an end. We believe moderate earnings growth compared to negative earnings growth for the benchmark.