

Fund Summary

OnePath Tax Effective Income Trust Wholesale

30 April 2023

Fund details

Investment manager	OnePath Funds Management
Fund code	MMF0700AU
Asset type	Multi-Asset / Balanced Growth
Region	Australia
Fund size	\$5.11 million as at 28 Apr 2023
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 (36.62%)
- Real Estate Investment Trusts (31.28%)
- Australian Fixed Interest (20.56%)
- Cash (11.53%)

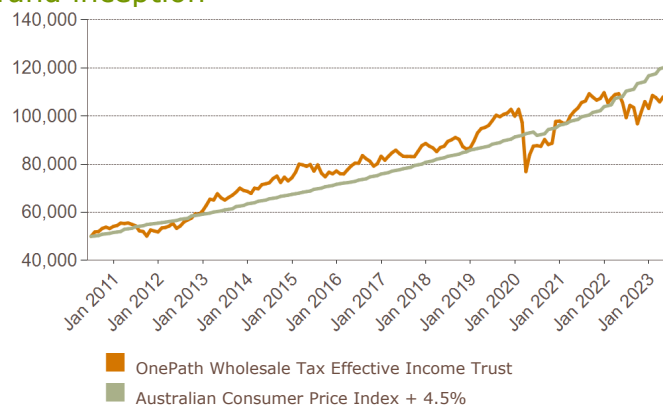
Fund performance

As at 30 Apr 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	2.05	-0.46	-1.12	8.82	4.44	4.52	4.78
Benchmark ‡	0.37	2.49	11.50	8.89	7.83	7.46	7.12
Excess Return	1.68	-2.95	-12.62	-0.07	-3.39	-2.94	-2.34
Distribution	0.00	0.75	2.44	3.11	3.33	3.27	3.30
Growth	2.05	-1.21	-3.56	5.71	1.11	1.25	1.48
Risk (1 Std Dev)	-	-	14.80	11.38	14.37	12.61	11.33
Tracking Error	-	-	17.04	12.64	15.06	13.18	11.83
Info. Ratio	-	-	-0.7	0.0	-0.2	-0.2	-0.2

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	4.74	-5.97	12.04	-2.02	15.15
Benchmark ‡	2.88	12.33	8.00	5.36	6.34
Excess Return	1.86	-18.30	4.04	-7.38	8.81

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
WESTPAC BANKING CORP	8.23%
NATIONAL AUSTRALIA BANK LTD	8.19%
BHP GROUP LTD	7.44%
RIO TINTO LTD	6.41%
TELSTRA GROUP LTD	6.08%
ANZ GROUP HOLDINGS LTD	5.14%
WOODSIDE ENERGY GROU	4.47%
QBE INSURANCE GROUP LTD	3.64%
COLES GROUP LTD	3.16%
WOOLWORTHS GROUP LTD	2.73%
Total Top 10	55.49%

* 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 was up 1.85% over the month.

Major equity markets were strong in April. In local currency terms the MSCI World Index advanced 1.60%. The US S&P 500 gained 1.46%, while the MSCI Europe Index was up 2.40%. The UK recovered well from a poor performance in the prior month, with the FTSE 100 up 3.10%.

Monetary policy settings remain restrictive, in its April meeting the Reserve Bank of Australia (RBA) decided to leave the cash rate target unchanged at 3.60%. The decision follows a cumulative increase of 3.50% since May last year. The board restated that they are determined to return inflation to the 2-3% range, with inflation currently hovering around 7%, well beyond this target range, further tightening of monetary policy may be necessary.

Domestic data releases through April were mixed. The annual inflation rate in Australia dropped to 7.0% in Q1 of 2023 from an over-30-year high of 7.8% in the previous period, with food prices rising the least in 3 quarters. Australia's unemployment rate stood at 3.5% in March 2023, unchanged from February's near 50-year low. Retail sales increased by 0.4% month-over-month (preliminary) in March 2023, while food retailing remained robust, non-food retail sales were weaker. CoreLogic's national Home Value Index (HVI) increased by 0.5% in April, this follows a 0.6% lift in the prior month, housing values appear to be supported by an imbalance between supply and demand.

The NAB Monthly Business Survey results for March saw business conditions continue to show ongoing resilience, edging lower but remaining well above the long-run average. Trading conditions remain very elevated, indicating that businesses continue to experience strong demand. Business confidence appears to have stabilised but remains below long run averages, with retail and wholesale remaining weak. Encouragingly price and cost growth measures showed some easing in March.

Over the month of April M & A continued with Blackmores agreeing on an all-cash takeover from Kirin valuing the company at about \$1.85b. Newmont bumped its non-binding indicative proposal for Newcrest resulting in the former gaining exclusive confirmatory due diligence. Key contributors to performance were a nil position in Fortescue and overweight positions in QBE Insurance, ANZ, Reliance and IGO, while overweight holdings in Rio Tinto, Ramsay, BHP and Skycity as well as a nil position in Transurban detracted from performance.

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This information is current as at 30 Apr 2023 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

Another month and another US regional bank failure with JP Morgan acquiring First Republic Bank, the third after the Silicon Valley Bank and Signature Bank failures. It is worth reflecting that more than 500 federally insured banks failed from 2008 to 2015 in the USA.

The earnings downgrades that we have been expecting to see eventuated with quarterly updates and confession season playing out against the backdrop of an Australian equities conference. A combination of discretionary retail sales slowing and increasing costs across several industries is putting pressure on margins. We expect this will continue given monetary policy is ongoing and cost pressures show no signs of moderating.

The China reopening is continuing to gain momentum with consumer consumption showing a strong growth trajectory and industrial production also exhibiting positive signs. Surprisingly, real estate is also showing life with sales rebounding quite well recently despite ongoing recovery.

Australia is in a pivotal position given it has a free trade agreement with the USA and is also rich in resources of critical minerals.

The RBA surprised the market by raising rates by 25bps in the May meeting after pausing in April to provide time to assess the economy and outlook. The revised tone of the RBA presents as quite hawkish with further rate hikes likely to bring inflation back to target within a reasonable time. The RBA is suggesting that inflation has now peaked at around 7% but is too high and it will be some time before it is back within the target range. The central forecast is that inflation will fall to 4.5% in 2023 and be 3% in mid-2025.

The economy is now expected to grow at a below-trend level of 1.25% in 2023 and around 2% over the year to 2025. The below trend growth is thus expected to see the unemployment rate to increase to around 4.5% by mid-2025. The RBA expects the global economy to grow at below average rate over the next few years.

Inflation in Australia remains stubbornly high with transitory inflation falling away but being replaced by more persistent wage growth. House prices have fallen by some 10% in Australia but borrowing capacity is estimated to have fallen by +30% and thus the housing affordability imbalance will likely take some time to rebalance. House prices have recently stabilized but is likely to be a function of low housing turnover.