

Fund Summary

OnePath Tax Effective Income Trust Wholesale

30 June 2023

Fund details

Investment manager	OnePath Funds Management
Fund code	MMF0700AU
Asset type	Multi-Asset / Balanced Growth
Region	Australia
Fund size	\$4.82 million as at 30 Jun 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 (36.87%)
- Real Estate Investment Trusts (30.92%)
- Australian Fixed Interest (20.94%)
- Cash (11.27%)

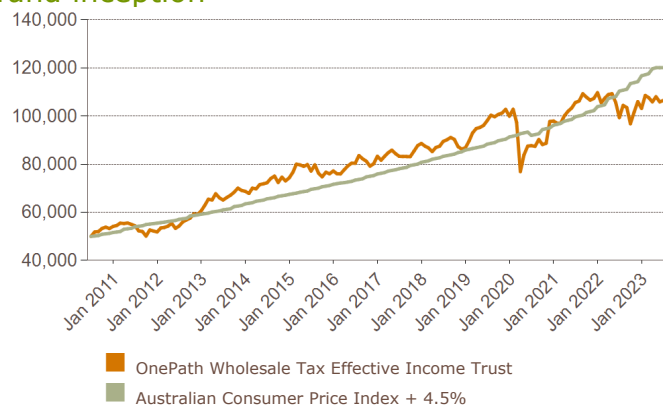
Fund performance

As at 30 Jun 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	0.57	0.57	7.19	6.68	3.54	4.10	5.04
Benchmark ‡	0.00	0.37	8.81	9.30	7.60	7.29	7.00
Excess Return	0.57	0.20	-1.62	-2.62	-4.06	-3.19	-1.96
Distribution	0.88	0.88	2.95	2.81	3.48	3.27	3.40
Growth	-0.32	-0.31	4.24	3.88	0.06	0.83	1.65
Risk (1 Std Dev)	-	-	12.95	11.28	14.38	12.63	11.30
Tracking Error	-	-	14.86	12.43	15.07	13.19	11.80
Info. Ratio	-	-	-0.1	-0.2	-0.3	-0.2	-0.2

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	3.22	-5.97	12.04	-2.02	15.15
Benchmark ‡	2.88	12.33	8.00	5.36	6.34
Excess Return	0.34	-18.30	4.04	-7.38	8.81

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
BHP GROUP LTD - ORD NPV	7.89%
ANZ GROUP HOLDINGS LIMITED - O	7.64%
RIO TINTO GROUP - ORD NPV (AUS	7.14%
TELSTRA GROUP LIMITED - ORD NP	5.55%
WESTPAC BANKING CORP - ORD NPV	4.83%
NATIONAL AUSTRALIA BK - ORD NP	4.60%
COMMONWEALTH BANK AUSTRALIA -	4.59%
WOODSIDE ENERGY GROU	4.48%
QBE INSURANCE GROUP LTD - ORD	3.52%
CSL LTD - ORD NPV	3.11%
Total Top 10	53.35%

* 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 increased 1.76% over the month. Major equity markets were generally strong during the month with S&P 500 returning 6.6% to investors over the month. In local currency terms the MSCI World Index was up 5.57%.

Monetary policy settings continued to tighten as the Reserve Bank of Australia (RBA) in a surprise move in its June meeting raised the cash rate by 25 basis points to 4.1 percent. In the RBA meeting minutes members noted that inflation in many economies remained well above central banks' targets. Members also noted that growth in economic activity in Australia had slowed since mid-2022, and that inflation had passed its peak but remained well above target and was forecast to return to the top of the target range only by mid-2025. Based on recent data suggesting that inflation risks had shifted to the upside a decision was made to raise the cash rate.

Domestic data releases through June were mixed. The annual rate of inflation at 5.6% in May was below market expectations of 6.1%. Household sector and housing activity are driving the slowdown, while population growth is acting as an offset. Labour market conditions remained strong with the unemployment rate falling to 3.6%. CoreLogic's national Home Value Index (HVI) rose 1.1% in June, marking the fourth month of recovery since the January trough. A lack of supply was the main factor behind this growth although the pace of growth seems to be slowing as interest rates rise.

The NAB Monthly Business Survey results for May indicated that business conditions continued to ease with notable declines across trading, profitability and employment. Confidence fell to -4 index points in the month with most industries in negative territory. Most concerning forward orders fell sharply indicating a potentially sharp fall in business conditions.

Estia Health received a revised proposal from Bain capital increasing the bid from \$3/share to \$3.20/share. There have been several smaller capital raisings including Tamboran Resources, EBR Systems, Macquarie Technology, Bowen Coking Coal and Noble Helium. Infratil was the largest capital raising, launching a NZ\$850m capital raising during the month. Key contributors to performance were overweight positions in QBE Insurance, Downer EDI, Rio Tinto and underweight positions in CSL and BHP while a nil holding in Fortescue Metals and Woolworths, overweight holdings in Telstra and Iluka and an underweight holding in CBA detracted from performance.

Future investment strategy

The combination of the slowing economy and normalisation of valuations are key drivers currently and expected to remain so during 2023. The valuation gap between growth and value remains at extraordinarily high levels with the recent Artificial Intelligence rally widening the gap to levels last seen in the Tech Bubble. Extended low interest rates fuelled elevated valuations and given the extraordinary rise in inflation and interest rates the question remains is a correction looming? A disciplined and bottom-up valuation approach will deliver alpha during these times.<

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