

# Fund Summary

## OnePath Tax Effective Income Trust Wholesale

31 July 2023

### Fund details

|                    |                                  |
|--------------------|----------------------------------|
| Investment manager | OnePath Funds Management         |
| Fund code          | MMF0700AU                        |
| Asset type         | Multi-Asset / Balanced Growth    |
| Region             | Australia                        |
| Fund size          | \$4.86 million as at 31 Jul 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 (37.94%)             |
| Real Estate Investment Trusts (30.78%) |
| Australian Fixed Interest (20.88%)     |
| Cash (10.39%)                          |

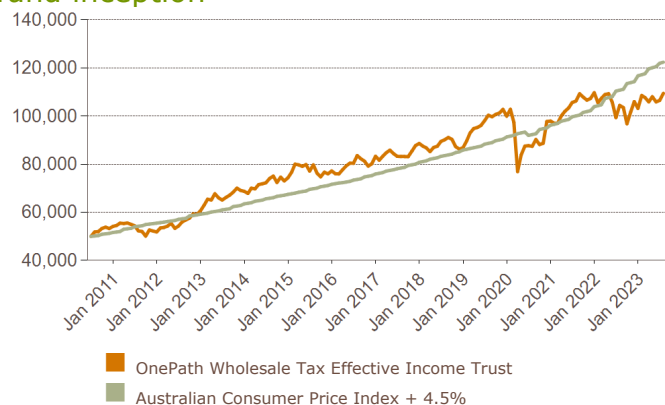
### Fund performance

As at 31 Jul 2023

|                  | 1 mth % | 3 mth % | 1 yr % | 3 yr % pa | 5 yr % pa | 7 yr % pa | 10 yr % pa |
|------------------|---------|---------|--------|-----------|-----------|-----------|------------|
| Total Return †   | 2.78    | 1.30    | 4.81   | 7.78      | 3.96      | 3.93      | 5.16       |
| Benchmark ‡      | 0.36    | 1.91    | 10.50  | 9.86      | 7.93      | 7.52      | 7.17       |
| Excess Return    | 2.43    | -0.62   | -5.68  | -2.08     | -3.97     | -3.60     | -2.00      |
| Distribution     | 0.00    | 0.89    | 2.88   | 2.83      | 3.27      | 3.27      | 3.33       |
| Growth           | 2.78    | 0.41    | 1.93   | 4.95      | 0.69      | 0.66      | 1.83       |
| Risk (1 Std Dev) | -       | -       | 12.27  | 11.34     | 14.42     | 12.59     | 11.32      |
| Tracking Error   | -       | -       | 14.23  | 12.53     | 15.12     | 13.15     | 11.82      |
| Info. Ratio      | -       | -       | -0.4   | -0.2      | -0.3      | -0.3      | -0.2       |

| Calendar year returns | YTD  | 2022   | 2021  | 2020  | 2019  |
|-----------------------|------|--------|-------|-------|-------|
| Total Return †        | 6.09 | -5.97  | 12.04 | -2.02 | 15.15 |
| Benchmark ‡           | 4.84 | 12.33  | 8.00  | 5.36  | 6.34  |
| Excess Return         | 1.25 | -18.30 | 4.04  | -7.38 | 8.81  |

### Growth of \$50,000 invested since fund inception



### Top 10 holdings

| Security                       | % of fund     |
|--------------------------------|---------------|
| ANZ GROUP                      | 8.15%         |
| BHP GROUP LTD.                 | 7.97%         |
| RIO TINTO LTD.                 | 7.27%         |
| TELSTRA GROUP                  | 5.50%         |
| WOODSIDE ENERGY GROU           | 4.85%         |
| COMMONWEALTH BANK OF AUSTRALIA | 4.75%         |
| WESTPAC BANKING CORP.          | 3.91%         |
| NATIONAL AUSTRALIA BANK LTD    | 3.77%         |
| CSL LTD.                       | 3.34%         |
| QBE INSURANCE GROUP LTD        | 3.32%         |
| <b>Total Top 10</b>            | <b>52.83%</b> |

\* For further information on Standard Risk Measures and the calculation methodology used, go to [onepath.com.au/personal/performance/product-updates.aspx](http://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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31 July 2023

### Market and portfolio review

The S&P/ASX 200 Accumulation Index increased 2.88% over the month.

This gain followed softer-than-expected inflation figures from the US and Australia and a reduced risk of further rate hikes with hopes growing that the economy would undergo a soft landing. A rally in energy stocks on the back of rising oil prices also helped. Major equity markets were generally strong during the month with S&P 500 returning 3.2% in local currency terms. In local currency terms the MSCI World Index was up 2.85%.

With regards to monetary policy the Reserve Bank of Australia (RBA) in its July meeting kept the cash rate unchanged 4.1 percent. In the RBA meeting minutes members noted that inflation was now declining, albeit from a high level, and that this would help mitigate the risk of a rise in medium-term inflation expectations. Members agreed that some further tightening of monetary policy may be required to bring inflation back to target within a reasonable timeframe, but that this depended on how the economy and inflation evolve. It was also noted that mortgage interest payments would rise further as fixed-rate loans continued to mature.

Domestic data releases through July were mixed. The annual rate of inflation is 6% for the June quarter and is expected to fall further in August. While prices rose for most goods and services, there were some offsetting price falls from domestic holiday travel, accommodation, and fuel. Labour market conditions remained strong with the unemployment rate at 3.5%.

CoreLogic's national Home Value Index (HVI) rose 0.7% in July, marking the fifth month of housing value recovery.

M & A announcements during the month included Pacific Current Group (PAC) receiving a non-binding indicative bid from Regal Partners at an implied value of \$10.77/share that was followed soon after by a competing bid from GQG Partners. Costa Group also received a non-binding indicative proposal from Pain Schwartz Partners while United Malt entered into a scheme implementation deed with Malteries Soufflet to acquire 100% of UMG shares. Key contributors to performance were overweight positions in Woodside Energy, ANZ and nil positions in Macquarie Group, Woolworths and Fortescue Metals while overweight holdings in Iluka, IGO, Teslstra and Coles 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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This information is current as at 31 Jul 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](http://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.