

Fund Summary

OnePath Global Property Securities Index Trust

OneAnswer Frontier Investment Portfolio

31 December 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1509AU
Asset type	Global Real Estate
Region	Global
Fund size	\$14.38 million as at 31 Dec 2024
Commencement date	15 Nov 2010
Distributions	Semi-Annually

Investment objective

The fund seeks to track the return of the FTSE EPRA/NAREIT Developed Rental Ex-Australia Net Index hedged to the Australian dollar (including income and capital appreciation) before taking into account fees, charges and taxes.

Investment strategy

The fund will have exposure to global listed property securities indices (excluding Australia). The weightings relative to the index may vary from the index from time to time. This fund may invest in property securities that have been or are expected to be included in the indices. Derivatives are not utilised to leverage the portfolio.

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:



Asset allocation



■ Global Property Securities (100%)

* 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 (FTSE EPRA Nareit Dv ExAUS Rtl TR Hgd AUD) 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.

Fund performance

As at 31 Dec 2024

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	-6.80	-7.71	2.52	-6.61	-1.57	1.10	1.94
Benchmark ‡	-6.70	-7.60	3.33	-5.82	-0.61	2.16	3.70
Excess Return	-0.10	-0.11	-0.81	-0.79	-0.96	-1.06	-1.76
Distribution	0.00	0.00	0.00	3.00	4.77	4.49	5.80
Growth	-6.80	-7.71	2.52	-9.61	-6.34	-3.39	-3.86

Calendar year

returns	YTD	2024	2023	2022	2021
Total Return †	-	2.52	7.82	-26.30	31.03
Benchmark ‡	3.33	8.73	-5.82	-1.44	-0.61
Excess Return	-	-6.21	13.64	-24.86	31.64

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Market and portfolio review

In December, European equities fell as losses in healthcare and utilities offset gains in technology, while the ECB signaled a shorter period of restrictive policy. UK markets declined due to disappointing data, rising inflation, and stagnant growth. US equities ended negatively despite Federal Reserve rate cuts, with inflation remaining elevated. Asia Pacific equities slipped due to political turmoil, but emerging markets gained, driven by strong performances in Asia and the Middle East. Political and geopolitical shocks reared its ugly head in December, bringing about the market implications associated with heightened uncertainty. In France, Macron's government fell apart when French Prime Minister Michel Barnier lost a no confidence vote. President Emmanuel Macron named Francois Bayrou as his fourth prime minister of 2024, and government shutdown disorder was prevented with the lower house of parliament's approval of a special law to roll over tax-raising and spending provisions. In Korea, President Yoon's declaration of martial law and subsequent impeachment caused the KOSPI to stumble. The regime of Bashar al-Assad fell as Syrian rebels took control of the Syrian capital city of Damascus, changing the calculus for players in the ongoing middle east conflict. Market movements were rather minimal, perhaps demonstrating that investors have grown accustomed to shocks in a year full of surprises. Still, the major market mover was the FOMC meeting, where the Fed cut rates by 25 bps as expected. However, it surprised markets by slashing its forecast for rate cuts in 2025 in its "dot plot", which shows that the Fed now expects only 50 bps in cuts next year rather than the previous 100 bps. The Fed also upwardly revised its expectations for inflation to 2.5% by year end 2025, balanced by revising GDP growth expectations up a touch. Yields surged as markets worried that there will be less easing than originally expected. The yield on the 10-year rose by a significant 40bps over the course of the month. The Fed's more prudent approach makes sense in light of reaccelerating inflation data. The ECB and SNB both cut rates. The ECB cut was expected with a 25 bps cut, but the SNB surprised with a 50 bps cut, its biggest since 2015. The ECB, meanwhile, suggested rates may fall further, dropping a reference to keeping rates "sufficiently restrictive for as long as necessary" from its statement. China held a Politburo meeting which was followed closely by the Central Economic Work Conference, both of which laid out a broad policy framework for the incoming year. Notably, Chinese policymakers pledged "more proactive" fiscal policies. On the monetary front, the PBOC officially eased its monetary stance to "moderately loose" for the first time since 2010.

Future investment strategy

2025 is likely to be framed by the push-and-pull between pockets of slowing economic activity due to accumulated rate hikes and the supportive effect of the rate-cutting cycle. With central bankers turning their attention to growth risks – and inflation largely under control – we think there is meaningful room for easing. US equities continue to be very concentrated in just a few large tech stocks. We believe small/mid-caps have room to outperform this year, and the concentration could dissipate somewhat. They are more cyclical and geared to the economic cycle, and the macro backdrop entering 2025 is one of resilient US growth alongside non-recessionary rate cuts which is typically supportive. Emerging markets seem attractive, as domestic central banks are likely to implement policy rate cuts, acting as a positive catalyst for equities.

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The logo for OnePath, featuring the word "OnePath" in a bold, sans-serif font. The "O" and "P" are in a dark green color, while the "ne" and "ath" are in a lighter green. A thin, curved line is positioned below the text, starting under the "O" and ending under the "h".