

Fund Summary

OnePath Geared Australian Shares Index Trust

OneAnswer Frontier Investment Portfolio

30 November 2023

Fund details

Investment manager	OptiMix
Fund code	MMF1541AU
Asset type	Equity / All Cap
Region	Australia
Fund size	\$3.42 million as at 30 Nov 2023
Commencement date	28 Sep 2010
Distributions	Annually

Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that magnify the S&P/ASX 300 Accumulation Index returns.

Investment strategy

The fund invests capital and borrowings in a diversified portfolio of Australian shares. The share portfolio comprises approximately 300 of the largest companies (shares) listed on the Australian Securities Exchange (ASX). The fund will hold most of the securities in the S&P/ASX 300 Index (Index), allowing for individual security weightings to vary marginally from the Index from time to time.

Minimum time horizon

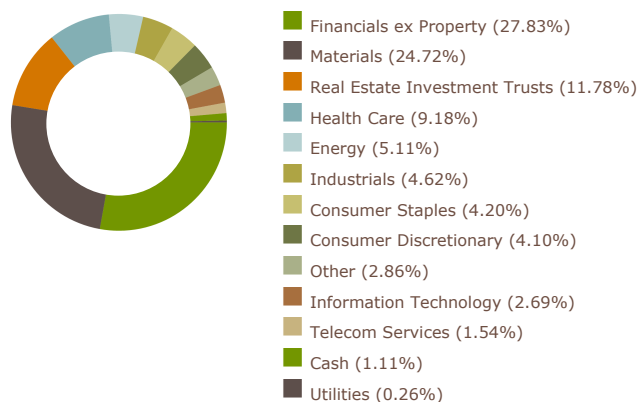
5 years

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:



Equity sector allocation



* 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.

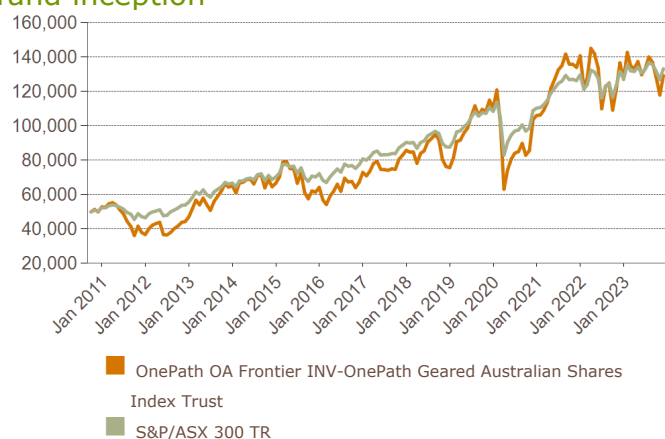
Fund performance

As at 30 Nov 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	9.47	-5.70	-5.50	7.61	11.07	9.79	7.21
Benchmark ‡	5.06	-1.85	1.14	6.96	8.69	8.07	7.25
Excess Return	4.41	-3.85	-6.64	0.65	2.38	1.72	-0.04
Distribution	0.00	0.00	2.57	5.20	5.79	5.31	4.99
Growth	9.47	-5.70	-8.07	2.40	5.28	4.47	2.22
Risk (1 Std Dev)	-	-	23.39	25.95	31.94	28.52	27.30
Tracking Error	-	-	11.63	12.85	15.47	13.89	13.36
Info. Ratio	-	-	-0.6	0.1	0.2	0.1	0.0

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	1.59	-9.67	32.70	-3.83	45.64
Benchmark ‡	4.58	-1.77	17.54	1.73	23.77
Excess Return	-3.00	-7.90	15.16	-5.56	21.87

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
BHP GROUP LTD - ORD NPV	10.83%
COMMONWEALTH BANK AUSTRALIA -	8.10%
CSL LTD - ORD NPV	5.84%
NATIONAL AUSTRALIA BK - ORD NP	4.12%
WESTPAC BANKING CORP - ORD NPV	3.46%
ANZ GROUP HOLDINGS LIMITED - O	3.38%
MACQUARIE GROUP LTD - ORD NPV	2.80%
WESFARMERS LTD - ORD NPV	2.76%
WOODSIDE ENERGY GROU	2.72%
RIO TINTO GROUP - ORD NPV (AUS)	2.14%
Total Top 10	46.14%

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Market and portfolio review

Australian Equities declined in value in the September quarter with the index falling by -0.84%. There were no manager changes over the quarter. OC (Small Caps) outperformed due to positive selection in Info Tech, Industrials and Healthcare. Vinva outperformed mostly due to positive stock selection in Materials. OC (Micro Caps) outperformed due to positive stock selection in Consumer Discretionary and Health Care. An overweight allocation to the Consumer Discretionary sector also contributed favourably to performance. Franklin Templeton Martin Currie (Dynamic Value) outperformed due to being underweight Health Care, coupled with positive stock selection in Industrials. Alliance Bernstein (Managed Vol) underperformed due to negative stock selection in the Financials, Consumer Discretionary and Utilities sectors. Northcape underperformed mostly due to negative stock selection in Industrials.

Future investment strategy

While the US equity market in October was concerned that the economy was running too strongly and that another rate rise might be needed to tame inflation, a softer-than-expected inflation figure in November reversed that view and the market is now seemingly reassured that the economy is cooling meaningfully. The most recent quarter's reported earnings did surprise positively across most sectors, but full year earnings were largely unchanged. Has the Fed managed to engineer a slower economy without triggering a recession? Time will tell, although history suggests that soft landings have been rare once the slowdown has begun, especially when accompanied by a period of material and rapid rate tightening such as we have seen over the last year and a half. We would expect the earnings resilience the US has seen to date to be more significantly tested in 2024. At home, a more cautious tone about getting inflation under control was set by Michele Bullock, Australia's new Reserve Bank Governor, underscored by a further rate hike on Melbourne Cup Day. Although inflation here too has slowed, the Governor subsequently expressed concerns that Australia inflation is becoming more homegrown rather than being due to global supply chains as had largely been the case previously: demand is simply still higher than supply, especially for Services. Given the lack of spare capacity in the economy, a more meaningful demand slowdown will be required. Lower bond yields triggered another sharp rotation during November, with interest rate sensitive names outperforming. The equity market has more recently chosen to look across the valley of lower earnings, taking the view that we are at or close to peak rates, and that the odds of a recession here is discounted. Given the Governor's comments and the steep tightening to date, this appears somewhat optimistic to us. Earnings trends don't support this sector rotation. Property and Health Care companies for example, which were the two best performing sectors in November, are still experiencing negative earnings revisions in aggregate. From a Retail perspective, Black Friday sales appear to have been strong. However, this seems to have been largely driven by consumers seeking savings in this high cost of living environment likely pulling forward Christmas sales. For the whole of 2023, retail sales look to be flat to slightly positive, which is the weakest for some years. While there is no consumer recession so far, clearly some consumer segments are adjusting their spending patterns, leading to an uneven outlook.

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