

Fund Summary

OnePath Australian Shares Index Trust

OneAnswer Frontier Investment Portfolio

30 September 2025

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1566AU
Asset type	Equity Australia Large Blend
Region	Australia
Fund size	\$104.85 million as at 30 Sep 2025
Commencement date	15 Nov 2010
Distributions	Quarterly

Investment objective

The fund seeks to track the return (income and capital appreciation) of the S&P/ASX 300 Index before taking into account fees, expenses, and tax.

Investment strategy

The S&P/ASX 300 Index includes the large cap, mid cap and small cap components of the S&P/ASX index family. The index covers approximately 81% of Australian equity market capitalisation. The fund will hold most of the securities in the index, allowing for individual security weightings to vary marginally from the index from time to time.

Minimum time horizon

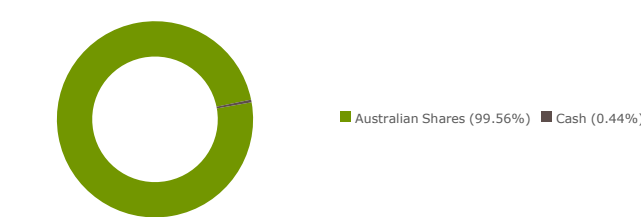
5 years

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:



Asset 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 (S&P/ASX 300 TR) 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 Sep 2025

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	-0.65	4.91	10.40	14.63	12.42	8.75	9.52
Benchmark ‡	-0.65	4.99	10.76	15.03	12.88	9.25	10.11
Excess Return	0.00	-0.08	-0.36	-0.40	-0.46	-0.50	-0.59
Distribution	1.05	1.10	7.16	7.42	8.63	8.15	7.02
Growth	-1.70	3.81	3.24	7.21	3.79	0.60	2.50

Calendar year returns	YTD	2024	2023	2022	2021
Total Return †	11.37	10.92	11.74	-1.90	16.80
Benchmark ‡	11.66	11.39	12.13	-1.77	17.54
Excess Return	-0.29	-0.47	-0.39	-0.13	-0.74

Top 10 holdings

Security	% of fund
Commonwealth Bank of Australia	10.09%
BHP Group Ltd	7.80%
National Australia Bank Limited	4.88%
Westpac Banking Corporation	4.81%
Wesfarmers Limited	3.77%
ANZ Group Holdings Limited	3.58%
CSL Limited	3.47%
Macquarie Group, Ltd.	2.81%
Goodman Group	2.40%
Telstra Group Limited	1.98%
Total Top 10	45.59%

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Market and portfolio review

Buoyed by the prospect of rate cuts in the US, a rebound in Aussie miners and the AI trade driving global tech stocks, equity markets continued their march higher in the September quarter. Australia's S&P/ASX 300 index (including dividends) gained 5%, slightly underperforming global shares (MSCI World +6.2% in AUD), driven by strong US performance (S&P 500 +7% in AUD). European shares gained 2.3%, while strong performance in China led Emerging Markets higher by 9%. The US performance was due to both earnings growth and a PE re-rating. Earnings growth has been absent in markets like China and Australia, though that appears to be turning domestically with Resources showing early signs of positive revisions and some growth still in Financials. China's rebound has been almost solely price-driven, helping narrow its valuation gap with markets like the US.

In Australia, there have been a few false starts where mining stocks began to outperform banks, only to see the move fade—whether due to lower commodity prices or China stimulus failing to lift growth. The September quarter belonged to the miners, with gold, iron ore, lithium and rare earth stocks all surging. Australia's Metals and Mining index gained 24%. Several factors drove the move: geopolitical motives (US securing critical minerals), supply disruptions at Chinese mines, and gold prices hitting record highs. Interestingly, there's been increased correlation between two unlikely groups: Technology and Gold. While sector-specific factors are pushing both higher (central banks buying Gold, AI trade driving Tech), another reason could be investors buying gold as a hedge against Tech positions.

On a sector level, Materials (+19%), Utilities (+10%), and Consumer Discretionary (+8.6%) outperformed, while Healthcare (-11%), Energy (-3.4%) and Consumer Staples (-3%) underperformed. The RBA delivered one 25bps cut in August and kept rates on hold at 3.6% on the final day of September. To Governor Bullock's credit, inflation (while under control) is proving sticky and employment numbers are still solid—enough to warrant keeping some dry powder. Expectations for future rate cuts were pared back, though that hasn't dented the market's appetite for retail stocks. The consumer appears relatively well positioned, unlike the US where a less optimistic view followed a research trip meeting various retailers.

Future investment strategy

It was tempting to write a concise Outlook this month, which readers would likely appreciate. Something like, "The market is likely to keep going up. We are focused on the potential change and sustainability in the mix of that growth." The most likely direction of a stock or market is its current trend. People downplay that because it feels too simple, yet price momentum remains one of the strongest predictors of future direction—until it's not. People underestimate how long those periods between "it's nots" are. Momentum reflects both real and expected information, so it deserves attention. The adage that "the market is always right" still plays out. By precedent, Trump's actions should have tipped the US and global economies given valuations. Yet six months after "Liberation Day," markets hit new highs. Earnings haven't rolled over; the US and most markets now have upgrades after earlier pessimism (Australia less so, but improving). The US and global economies are adapting, slowing in parts but not as much as expected. Even China holds without major stimulus. So is this calm before the storm, or proof of adaptability while liquidity saves the day? The longer it continues, the more likely the latter. Why is the market charging ahead, and will it last?

In the US, averages are OK.

Lower-end consumers struggle, but resilience holds through spending shifts and higher wages.

AI-driven capex has transformed US growth.

Rate cuts support sentiment, offsetting weakness or reflecting Trump's influence.

Trump is delivering on tariffs, reshoring, and fiscal stimulus ("Big Beautiful Bill") likely boosting 2026.

Global trade is adapting faster than expected.

The bigger question now is not overall direction but what drives future growth composition. In Australia, a shift in mix is emerging. Market returns long followed limited earnings revisions—financials, defensives, gold—but that's changing. For the first time in years, we've turned slightly positive on earnings revisions. Global cyclical are improving as the world economy holds. Commodities are resilient. Rates are falling. The Australian economy is relatively strong.

This sets up a potential shift in earnings leadership from defensive and domestic to global and cyclical. Earlier rotations were brief, but the one starting in July seems more persistent, with firm commodities and a steady global economy. It's tentative, not definitive, until 2026 earnings post-tariffs confirm it—but it's healthy for a market that looks stretched on valuation. We prefer to observe and respond rather than guess, but current trends warrant attention.

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