

# Fund Summary

## OnePath Balanced Index

### OneAnswer Frontier Investment Portfolio

30 April 2022

#### Fund details

<b>Investment manager</b>	Vanguard
<b>Fund code</b>	MMF1567AU
<b>Asset type</b>	Multi-Asset / Moderate Growth
<b>Region</b>	Australia
<b>Fund size</b>	\$229.33 million as at 29 Apr 2022
<b>Commencement date</b>	28 Sep 2010
<b>Distributions</b>	Quarterly

#### Investment objective

The fund seeks to track the weighted average return of the various indices of the underlying funds in which the fund invests, in proportion to the strategic asset allocation (SAA) for the fund, before taking into account fees, expenses, and tax.

#### Investment strategy

The fund holds units in a range of underlying funds and/or direct assets. The portfolio targets a 50% allocation to income asset classes (cash and fixed interest securities) and a 50% allocation to growth asset classes (property securities and shares). Actual allocations are permitted to deviate from the strategic asset allocations provided they remain within the specified ranges.

#### Minimum time horizon

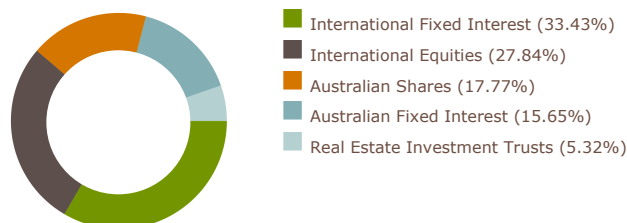
5 years

#### 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



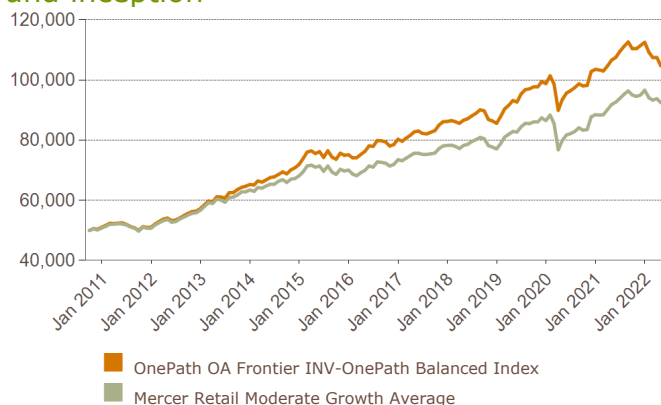
#### Fund performance

As at 30 Apr 2022

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
<b>Total Return †</b>	-2.62	-4.18	-1.84	3.95	4.81	4.77	6.83
<b>Benchmark ‡</b>	-1.40	-1.72	0.67	3.72	4.10	3.84	5.59
<b>Excess Return</b>	-1.22	-2.46	-2.52	0.23	0.71	0.93	1.24
<b>Distribution</b>	0.01	0.30	12.59	9.12	6.84	7.74	6.44
<b>Growth</b>	-2.63	-4.48	-14.44	-5.17	-2.04	-2.97	0.39
<b>Risk (1 Std Dev)</b>	-	-	5.88	8.04	6.82	6.48	5.89
<b>Tracking Error</b>	-	-	1.93	1.66	1.40	1.30	1.24
<b>Info. Ratio</b>	-	-	-1.3	0.1	0.5	0.7	1.0

Calendar year returns	YTD	2021	2020	2019	2018
<b>Total Return †</b>	-7.01	8.70	4.80	15.41	-0.72
<b>Benchmark ‡</b>	-4.29	9.21	2.26	12.20	-1.49
<b>Excess Return</b>	-2.72	-0.52	2.54	3.21	0.78

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



\* 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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#### Market and portfolio review

Global equities posted losses for the period, experiencing a major sell-off before experiencing a partial rebound in March. Developed and developing market stocks came under pressure as concerns grew about aggressive central bank tightening, especially from the Fed, as well as the Russia-Ukraine conflict. Only a few major stock markets were able to post gains for the quarter, including Canada and the UK. Eurozone, with its dependency on Russia for oil and gas, saw a sharp decline for the period. Emerging markets were also down, and Russia was removed from the MSCI Emerging Markets Index on March 9, at a price that is effectively zero. US equities declined in the first quarter as inflation continued to rise over the period.

During the fourth quarter, Global fixed income also posted losses for the quarter, with weakness in government bonds, investment grade and high yield bonds. Corporate bonds underperformed both high yield and government bonds for the quarter. The yield spread between investment grade and high yield bonds finished slightly higher for the period. The 10-year US Treasury yield rose significantly – approximately 80 basis points – during this period on anticipation of more aggressive Fed tightening. Rates on the short end of the yield curve also rose substantially, resulting in an inversion of the 2s-10s yield curve by the end of the quarter.

#### Future investment strategy

Our outlook remains centered on the question of inflation and how markets and policymakers may react to it. The Russia-Ukraine crisis has exacerbated inflationary pressures and increased the risk of recession, especially for the eurozone economy.

Our base case scenario is that the global economy continues to slow. We believe the Fed will be able to engineer a 'soft landing' and avoid a US recession. We anticipate inflation in the US and other developed countries will peak later this year and then start to moderate. We expect China's economy will re-accelerate in the back half of the year, helped by monetary and fiscal stimulus.

From a relative asset allocation perspective, our base case expectations lead us to a modest risk posture, with a slight overweighting of equities. While equity valuations are lower and dividend yields have increased since the start of the year, the profit outlook is less certain, which results in a preference for defensive and growth sectors. We prefer quality and large caps in this scenario, given slowing growth expectations. Within fixed income, we favor floating rate bonds given the rising rate environment. We continue to anticipate that alternatives such as real estate and commodities can outperform given inflationary pressures.

We continue to favor broad diversification within the equity and fixed income allocations of one's portfolio. We also favor adequate exposure to cash and alternative asset classes, including real estate, gold, and commodities. We strongly encourage investors to remain well diversified in this environment.

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This information is current as at 30 Apr 2022 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.