Fund Summary

OnePath Balanced Index Trust

OneAnswer Frontier Investment Portfolio

30 June 2026

Fund details

Investment manager	**OnePath Funds Management Limited**
Fund code	MMF1567AU
Asset type	Multisector Balanced
Region	Global
Fund size	$168.15 million as at 30 Jun 2026
Commencement date	15 Nov 2010
Distributions	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.

Fund performance

As at 30 Jun 2026

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	1.17	5.90	8.12	9.20	4.93	5.56	5.97
Benchmark ‡	1.14	6.09	8.31	9.29	5.19	5.76	6.43
Excess Return	0.03	-0.19	-0.19	-0.09	-0.26	-0.20	-0.46
Distribution	10.82	11.33	12.90	6.53	5.91	7.57	6.46
Growth	-9.65	-5.43	-4.78	2.67	-0.98	-2.01	-0.49

Calender year returns	YTD	2025	2024	2023	2022
Total Return †	3.88	10.54	10.91	-10.42	8.70
Benchmark ‡	4.16	8.60	10.12	10.46	-9.22
Excess Return	-0.28	1.94	0.79	-20.88	17.92

Minimum time horizon

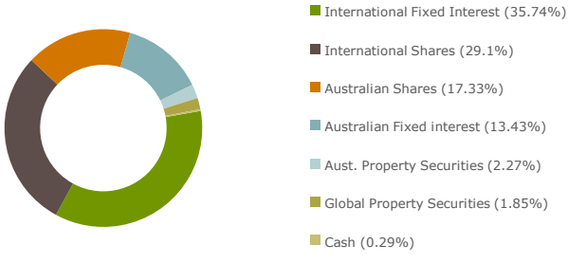
5 years

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 (Morningstar AUS Balance Tgt Alloc NR 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.

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Market and portfolio review

Equity markets moved higher over the June quarter as war and inflation fears eased. AI-related stocks drove US shares, while strength in miners supported the Australian market. The S&P/ASX 300 returned 4.1% for the quarter and 2% year-to-date, lagging the MSCI World Index (A$), which gained 13% over the quarter and 5% year-to-date. The key difference was the absence of AI-leveraged stocks on the ASX compared with the US, Korea and Taiwan, where chipmakers and memory stocks drove performance.

Investors are increasingly questioning whether Hyperscalers can justify their extraordinary AI spending and how long markets will tolerate weaker cashflows. The “Magnificent 7” were broadly flat in 2026 as AI costs rose and memory shortages emerged. Market leadership shifted towards AI infrastructure beneficiaries, including memory producers, data-centre developers and industrial AI companies.

Australian market performance masked significant sector rotation. The strongest sectors were Consumer Discretionary (+18%), Technology (+17%) and Real Estate (+11.5%). As June progressed, investors rotated out of commodities, which surrendered part of their earlier gains. Banks also underperformed amid concerns about economic growth, credit risk and the impact of Federal Budget changes on the housing market. Capital instead flowed into Consumer Discretionary, Healthcare and selected Industrials, reflecting a clear preference for previous underperformers.

On the macro front, the RBA delivered a “hawkish hold”, leaving rates unchanged after three hikes while signalling inflation remained too high and further increases were possible. Higher interest rates and Federal Budget measures are already affecting housing, with Sydney price declines accelerating and national dwelling prices recording their largest fall in three and a half years. While markets continue to rally, market leadership has shifted, with AI driving offshore performance and commodities losing momentum domestically.

Future investment strategy

The past financial year delivered no shortage of drama: US tariff escalation and de-escalation; one of the largest resources rotations in decades; an AI surge that triggered a "Saaspocalypse"; conflict with Iran that sparked an energy shock; and at home an inflation spike, rate rises and a significant budget and tax reform that dented consumer confidence and house prices.

If FY26 is anything to go by, FY27 will certainly be different — but probably not calmer.

We saw a re-emergence of positive earnings revisions across the Australian market, driven mainly by the FY26 Resources surge, but FY27 looks set to start on a more precarious footing. Absolute earnings growth is still expected, though revisions are already turning negative across most sectors, with Energy, Resources and the Banks all facing near-term downgrades.

A fragile peace agreement with Iran brought the oil price back to pre-war levels within days. We expected such an unwind to ease inflation and global growth concerns, giving further support to Resources leadership. Instead, hawkish comments from the new Fed Chair drove a stronger US dollar, pushing commodity prices — and the sector — down. Is this the end of the Resources trade? It's the critical question for us, and we suspect not. Second, global demand/supply balances for commodities remains tight, with demand growth underpinned by electrification and the energy transition, and supply growth hampered by permit approvals, grade declines and depletion.

At home more recently, the market has tried to rotate away from Resources into beaten-up names — small caps, healthcare, financials ex-banks, REITs and consumer discretionary — but without earnings support that rotation is likely to be limited in our experience. A PE multiple can re-rate, but earnings need to follow for the move to have staying power. The rotation was reinforced by a more dovish RBA tone, read by some as taking further rate hikes off the table. That may prove right, but the domestic consumer slowdown is gaining pace as three prior rate hikes, the budget and falling house prices weigh on confidence and spending. That's not a good sign for discretionary retail, housing construction or the banks.

In the US, the standout source of economic activity remains the AI-driven data centre boom. Australia offers less direct listed exposure to this theme, though it benefits indirectly through Resources and global data centre builders, and we are now starting to see the emergence of local NeoCloud players.

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This information is current as at 30 Jun 2026 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, ou 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 and consider whether that particular product is right for you before making a decision to acquire or continue to hold the product.

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