Fund Summary

OnePath Australian Property Securities Index Trust

OneAnswer Frontier Investment Portfolio

31 March 2024

Fund details

Investment manager	**OnePath Funds Management Limited**
Fund code	MMF1574AU
Asset type	Australia Real Estate
Region	Australia
Fund size	$7.56 million as at 31 Mar 2024
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 A-REIT Index before taking into account fees, expenses and tax.

Investment strategy

The S&P/ASX 300 A-REIT Index comprises property securities (shares) listed on the Australian Securities Exchange (ASX). These securities are real estate investment trusts and companies that own real estate assets and derive a significant proportion of their revenue from rental income.The fund will hold all of the securities in the index most of the time.

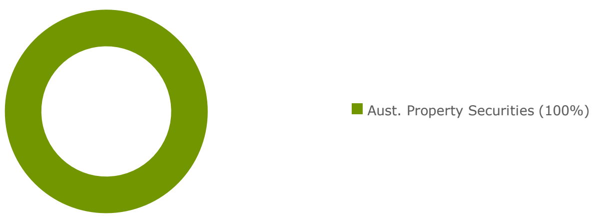
Minimum time horizon

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



Fund performance

As at 31 Mar 2024

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	9.48	15.99	34.75	10.99	6.20	7.66	10.31
Benchmark ‡	9.56	16.16	35.36	11.52	6.72	8.25	10.74
Excess Return	-0.08	-0.17	-0.61	-0.53	-0.52	-0.59	-0.43
Distribution	0.61	0.65	5.40	7.31	7.08	6.79	11.52
Growth	8.87	15.34	29.35	3.68	-0.88	0.87	-1.21

Calender year returns	YTD	2024	2023	2022	2021
Total Return †	15.99	16.47	-20.36	26.20	-4.31
Benchmark ‡	16.16	16.90	-20.06	27.03	-3.96
Excess Return	-0.17	-0.43	-0.30	-0.83	-0.35

Top 10 holdings

Security	% of fund
Goodman Group	35.85%
Scentre Group	10.80%
Stockland	7.09%
Mirvac Group	5.71%
GPT Group	5.37%
Dexus	5.22%
Vicinity Centres	5.06%
Charter Hall Group	3.99%
National Storage REIT	1.86%
Region Group	1.70%
Total Top 10	**82.65%**

* 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 A-REIT 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.

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Market and portfolio review

The OnePath Australian Listed Property Index Pool portfolio returned +9.55% during the one month ending 31 March 2024. The portfolio tracked the underlying index, the S&P/ASX 300 A-REIT Index, which returned +9.56% during the same period. The portfolio is solely exposed to the Real Estate sector with a focus on Australian Real Estate investment trusts (A-REITs) and mortgage REITs. Industrial REITs (+4.60%), and Retail REITs (+1.99%), contributed positively to absolute performance. Only Health Care REIT (-0.03%) industry negatively contributed to absolute performance. Among individual securities, Goodman Group was the largest positive contributor to absolute performance (+4.49%) while HealthCo Healthcare and Wellness REIT (-0.03%) largest detractor to absolute performance.

Future investment strategy

The economy continues to hold up well and this appears to be a key reason, aside from the largely US-based "AI" driven thematic, that equity markets have continued to push forward. Strong economies with falling cost pressures tend to lead to decent earnings outcomes, and earnings is ultimately the key equity market driver over time. While market commentators scramble to explain the strength of bank share prices this year, despite stretched valuations, the underlying reality is they have had better earnings outcomes and upgrades because the economy has turned out better than expected. The issue the market overall is facing is that the strong run has largely all come about through multiple expansion, and not yet because of better-than-expected earnings outcomes. In Australia, earnings downgrades actually turned a touch positive the last three months – but only a touch. The outlook for China is an important driver for the Australian resources sector. So far, the economic recovery post the Chinese New Year has underwhelmed due to a soft construction bounce. The iron ore price, a significant exposure for Australia, will be dictated by whether a recovery will take place: so far the 30% fall in iron ore price this year infers earnings downgrades for producers should we not see an activity bounce. Meanwhile, a global economic recovery coupled with significant energy transition investments and low supply growth are proving significant tailwinds for base metals, copper and aluminium in particular. Of note, gold has been incredibly strong reaching record levels despite real yields barely moving and the $US actually strengthening. This rise appears to be largely driven by central bank buying and retail purchasing, both largely out of China. Increasing geopolitical tension is again lifting the oil price, which is a headwind to the inflation recovery. In conclusion, without a valuation boost from lower bond yields, the market increasingly needs better earnings which itself requires continuing improvement in the economy. A more likely outcome for the moment we believe is a resilient (but not strong) economy with pockets of weaknesses and sticky but gradually falling inflation, accompanied at some point this year by small rate cuts. That seems to equate to a market which is fairly well priced at the moment: the opportunities seem to be more within the market than in the market overall. Having largely already priced in a soft landing, we wouldn't be surprised to see a bit of market consolidation around current levels until more certainty exists around the direction and scope of rate movements and the direction of earnings this year.

OnePath