

Fund Summary

OnePath Diversified Fixed Interest

OneAnswer Frontier Pension

31 December 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1625AU
Asset type	Bonds - Global / Australia
Region	Australia
Fund size	\$99.79 million as at 31 Dec 2024
Commencement date	15 Nov 2010
Distributions	Retained

Fund performance As at 31 Dec 2024

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	-0.16	-0.74	3.24	-0.68	-0.11	1.13	1.81
Benchmark ‡	0.51	-0.26	2.93	-0.79	-0.18	1.51	1.97
Excess Return	-0.67	-0.48	0.31	0.11	0.07	-0.38	-0.16

Investment objective

The fund aims to provide income and achieve returns (before fees, charges and taxes) that exceed the Bloomberg AusBond Composite 0+ Yr Index, over periods of three years or more.

Calendar year returns	YTD	2024	2023	2022	2021
Total Return †	-	3.24	5.84	-10.33	-2.86
Benchmark ‡	2.93	5.06	-0.79	-12.30	-0.18
Excess Return	-	-1.82	6.63	1.97	-2.68

Investment strategy

The fund is actively managed and invests predominantly in a diversified mix of Australian and international defensive assets.

Minimum time horizon

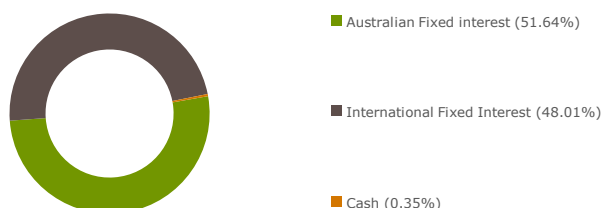
3 years

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 (Bloomberg AusBond Composite 0+Y TR 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

Global growth continued in the fourth quarter, driven largely by continued strength in services activity. Disinflation continued in Western developed economies, albeit more slowly for some countries. The global environment of monetary policy easing continued in the fourth quarter, with many central banks lowering policy rates. Central banks continued their efforts to carefully balance managing inflationary pressures with supporting economic growth. For example, in December, the Bank of Canada decided to lower rates by 50 basis points, marking its fifth consecutive rate cut since June. This move appeared to be a response to the recent rise in unemployment. However, this was arguably a pre-emptive move intended to protect the Canadian economy from the effects of more restrictive immigration policy and potential U.S. tariffs. The U.S. Federal Reserve cut rates by 50 basis points in the fourth quarter, following a 50 basis-point cut in September, but suggested less aggressive easing in 2025 given better-than-expected economic growth and higher-than-expected inflation. Significant political turmoil arose in the fourth quarter, much of it caused by domestic disagreements around fiscal prudence and deficits. There was a "no confidence" vote that ousted French Prime Minister Michel Barnier, which was the result of a showdown over the French budget. French bond yields spiked in response to Barnier's exit as well as dysfunction related to not passing a 2025 budget in time. The German government collapsed last month, precipitated by a budget battle. Canada's long-time finance minister resigned due to disagreements over several issues, including the budget. Adding to geopolitical disruption, the president of South Korea was impeached after a surprise declaration of martial law, which lasted only briefly. The yield curve reversed its inversion, with long rates rising as short-term rates. Global bonds faced headwinds as longer-term yields backed up. Bond yields are still at relatively high levels, and bonds offer attractive opportunities despite tight spreads, especially for longer holding periods. Strong fundamentals underpin many fixed-income assets, which explains tight credit spreads in both investment grade and high-yield credit. Credit risk might be beneficial to take advantage of this resilient and improving growth backdrop. The diversification benefits of bank loans, which tend to exhibit similar volatility to investment grade credit but, offer greater near-return potential due to their high current yield.

Future investment strategy

In 2025, the key question remains whether central banks can steer the world's major economies toward moderate growth while keeping inflation in check. Disinflationary progress will continue, and the global economy is expected to slow in the near term before likely re-accelerating, supported by improving real wage growth and easing monetary policy. The Trust generally gains its investment exposure by investing in a well-diversified portfolio of Australian and international fixed interest managers. The underlying fixed interest investments include a range of international and domestic government bonds, corporate debt and asset backed securities.

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The logo for OnePath, featuring the word "OnePath" in a bold, sans-serif font. The "O" and "P" are in a dark green color, while the "ne" and "ath" are in a lighter green color. A thin, curved line is positioned below the text, starting under the "O" and ending under the "h".