

Fund Summary

OnePath International Shares Index

OneAnswer Frontier Personal Super

31 March 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1817AU
Asset type	Equity World Large Blend
Region	Global
Fund size	\$405.5 million as at 31 Mar 2024
Commencement date	15 Nov 2010
Distributions	Retained

Investment objective

The fund seeks to track the returns (income and capital appreciation) of the MSCI World ex-Australia (with net dividends reinvested) in Australian dollars Index, before taking into account fees, expenses, and tax.

Investment strategy

The MSCI World ex-Australia Index comprises securities (shares) listed on the exchanges of the world's major developed economies. 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. The fund may invest in securities that have been removed from or are expected to be included in the index

Minimum time horizon

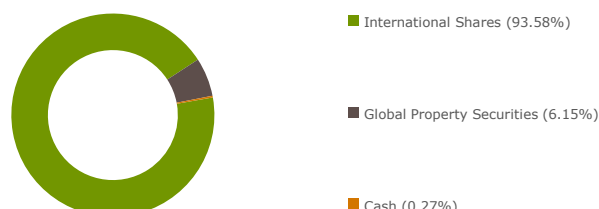
7 years

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 (MSCI World Ex Australia 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.

Fund performance

As at 31 Mar 2024

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	2.70	12.58	25.67	13.02	12.56	12.20	11.96
Benchmark ‡	3.02	14.06	28.72	14.43	14.09	13.72	13.43
Excess Return	-0.32	-1.48	-3.05	-1.41	-1.53	-1.52	-1.47

Calendar year

returns	YTD	2024	2023	2022	2021
Total Return †	12.58	20.81	-11.32	26.33	4.75
Benchmark ‡	14.06	23.23	-12.52	29.58	5.73
Excess Return	-1.48	-2.42	1.20	-3.25	-0.98

Top 10 holdings

Security	% of fund
Microsoft Corporation	4.64%
Apple Inc.	3.93%
NVIDIA Corporation	3.49%
Amazon.com, Inc.	2.62%
Meta Platforms Inc Class A	1.68%
Alphabet Inc. Class A	1.39%
Alphabet Inc. Class C	1.22%
Eli Lilly and Company	0.98%
Broadcom Inc.	0.92%
JPMorgan Chase & Co.	0.90%
Total Top 10	21.77%

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Market and portfolio review

The OnePath Global Shares – Large Cap (Unhedged) Index Pool portfolio returned +3.04% during the one month ending 31 March 2024. The portfolio closely tracked the underlying index, the MSCI World ex-Australia Index, which returned +3.02% during the same period. The portfolio provides exposure to developed market countries, excluding Australia, with a focus on large- and mid-cap equities. Industrials (+0.98%), Financials (+0.62%), and Consumer Discretionary (+0.51%) contributed positively to absolute performance during the period. No sector contributed negatively to absolute performance. From a country perspective, the United States was the largest positive contributor to absolute performance (+2.26%) followed by Japan (+0.44%). Only Israel (-0.02%) detracted from absolute performance. Among individual securities, MicroStrategy Incorporated was the largest positive contributor to absolute performance (+0.14%) while Elastic N.V. was the largest detractor on an absolute basis (-0.04%).

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.

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