

Fund Summary

OnePath Australian Property Securities Index

OneAnswer Frontier Personal Super

30 June 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1819AU
Asset type	Equity Australia Real Estate
Region	Australia
Fund size	\$45.28 million as at 30 Jun 2024
Commencement date	15 Nov 2010
Distributions	Retained

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



■ Aust. Property Securities (100%)

Fund performance

As at 30 Jun 2024

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	0.18	-5.20	20.54	4.62	3.53	6.36	7.57
Benchmark ‡	0.23	-5.66	23.79	5.71	4.64	7.83	9.13
Excess Return	-0.05	0.46	-3.25	-1.09	-1.11	-1.47	-1.56

Calendar year returns	YTD	2024	2023	2022	2021
Total Return †	8.40	14.53	-18.78	23.36	-4.26
Benchmark ‡	9.59	16.90	-20.06	27.03	-3.96
Excess Return	-1.19	-2.37	1.28	-3.67	-0.30

Top 10 holdings

Security	% of fund
Goodman Group	39.75%
Scentre Group	10.73%
Stockland	6.59%
GPT Group	5.07%
Mirvac Group	4.88%
Vicinity Centres	4.74%
Dexus	4.61%
Charter Hall Group	3.50%
National Storage REIT	1.94%
Region Group	1.62%
Total Top 10	83.43%

* 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 0.28% during the one month ending 30 June 2024. The portfolio outperformed the underlying index, the S&P/ASX 300 A-REIT Index, which returned 0.23% 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. Only Industrial REITs (+1.48%), contributed positively to absolute performance. Diversified REIT (-0.73%) and Retail REIT (-0.53%) industry negatively contributed to absolute performance. Among individual securities, Goodman Group was the largest positive contributor to absolute performance (+1.54%) while Stockland (-0.25%) largest detractor to absolute performance.

Future investment strategy

Global equity markets continue to appear expensive, with earnings downgrades bottoming out, but not yet showing signs of the positive earnings revisions phase needed to justify the current level. However, slowly reducing inflation around the world provides a potential put option should economies deteriorate. Market persistency, which is the proportion of months the market moves in the same direction as the previous month, has lifted which is encouraging as it indicates improving stability. At home, while the earnings and valuation picture looks similar, stubborn inflation and solid growth in employment makes the situation more tricky for our Reserve Bank to navigate, especially in light of the July tax cuts, and an interest rate lift might now be required in order to apply the brakes on the economy. If this turns out to be the case, consumers could be particularly negatively affected. We have witnessed since April a softening of consumer conditions which, combined with higher wages and rents, will likely put further pressure on the earnings of retailers. Banks' bad debt levels thus far remain benign, allowing the banks to smooth their declining earnings by releasing provisions. A change in economic conditions could however bring an end to this which, given their elevated valuations, is a risk we are cognisant of. The consumer has remained resilient so far thanks to high savings and high employment, but another rate lift could prove to be the tipping point for some cohorts. While negative earnings revisions across the market seem to have stabilised, the only sectors in which we are seeing some upgrades are Energy, Utilities, Banks (although largely through provision releases), and Insurers. We are however on the cusp of reporting the FY24 season so much will likely change in the next month or two. Geopolitics remains a risk to keep monitoring as any further escalation in conflicts would likely result in higher oil prices and higher transportation costs, both of which would add further to inflation. China is showing the early signs of stabilising its problem child, the property market. The Resources sector however is experiencing mixed revisions: gold remains elevated, base metals have corrected and fundamentals appear supportive in the medium term, and lithium keeps disappointing. The energy transition appears to be on pause for now as the studies conducted over the past few years have come back with challenging economics which will require government subsidies and/or customers willing to pay even higher costs. Given all the elections around the world, more certainty is required before these are progressed.

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