

Fund Summary

OnePath Global Listed Infrastructure Index Trust

OneAnswer Frontier Investment Portfolio

31 December 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF2654AU
Asset type	Global Infrastructure - Currency Hedged
Region	Global
Fund size	\$5.56 million as at 31 Dec 2024
Commencement date	20 Sep 2021
Distributions	Quarterly

Investment objective

The fund seeks to track the returns of the FTSE Developed Core Infrastructure 50/50 Net Hedged to AUD Index (including income and capital appreciation) before taking into account fees, charges and taxes.

Investment strategy

The fund will have exposure to global listed infrastructure securities. The weightings relative to the index may vary from the index from time to time. This fund may invest in infrastructure securities that have been or are expected to be included in the indices. Derivatives are not utilised to leverage the portfolio.

Minimum time horizon

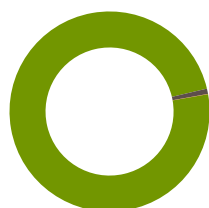
5 years

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



■ Global Property Securities (99.1%)
■ International Shares (0.86%)
■ Australian Shares (0.04%)

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 †	-5.22	-2.26	12.10	2.66	-	-	-
Benchmark ‡	-5.32	-2.39	11.87	2.35	-	-	-
Excess Return	0.10	0.13	0.23	0.31	-	-	-
Distribution	0.00	0.00	3.26	4.88	-	-	-
Growth	-5.22	-2.26	8.84	-2.22	-	-	-

Calendar year

returns	YTD	2024	2023	2022	2021
Total Return †	-	12.10	0.38	-3.86	-
Benchmark ‡	11.87	0.02	2.35	12.18	-
Excess Return	-	12.08	-1.97	-16.04	-

Top 10 holdings

Security	% of fund
Aena SME SA	4.70%
Transurban Group Ltd.	4.68%
NextEra Energy, Inc.	4.58%
Union Pacific Corporation	3.80%
Southern Company	3.45%
Duke Energy Corporation	3.18%
Enbridge Inc.	3.05%
American Tower Corporation	2.83%
Auckland International Airport Limited	2.65%
National Grid plc	2.23%
Total Top 10	35.15%

* 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 (FTSE Dvlp Core Infra 50/50 NR Hdg 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

In December, European equities fell as losses in healthcare and utilities offset gains in technology, while the ECB signaled a shorter period of restrictive policy. UK markets declined due to disappointing data, rising inflation, and stagnant growth. US equities ended negatively despite Federal Reserve rate cuts, with inflation remaining elevated. Asia Pacific equities slipped due to political turmoil, but emerging markets gained, driven by strong performances in Asia and the Middle East. Political and geopolitical shocks reared its ugly head in December, bringing about the market implications associated with heightened uncertainty. In France, Macron's government fell apart when French Prime Minister Michel Barnier lost a no confidence vote. President Emmanuel Macron named Francois Bayrou as his fourth prime minister of 2024, and government shutdown disorder was prevented with the lower house of parliament's approval of a special law to roll over tax-raising and spending provisions. In Korea, President Yoon's declaration of martial law (albeit short lived) and subsequent impeachment caused the KOSPI to stumble. Still, the major market mover was the FOMC meeting, where the Fed cut rates by 25 bps as expected. However, it surprised markets by slashing its forecast for rate cuts in 2025 in its "dot plot", which shows that the Fed now expects only 50 bps in cuts next year rather than the previous 100 bps. The Fed also upwardly revised its expectations for inflation to 2.5% by year end 2025, balanced by revising GDP growth expectations up a touch. Yields surged as markets worried that there will be less easing than originally expected. The yield on the 10-year rose by a significant 40bps over the course of the month. The Fed's more prudent approach makes sense in light of reaccelerating inflation data. The ECB and SNB both cut rates. The ECB cut was expected with a 25 bps cut, but the SNB surprised with a 50 bps cut, its biggest since 2015. The ECB, meanwhile, suggested rates may fall further, dropping a reference to keeping rates "sufficiently restrictive for as long as necessary" from its statement. China held a Politburo meeting which was followed closely by the Central Economic Work Conference, both of which laid out a broad policy framework for the incoming year. Notably, Chinese policymakers pledged "more proactive" fiscal policies. On the monetary front, the PBOC officially eased its monetary stance to "moderately loose" for the first time since 2010.

Future investment strategy

We should probably expect more subdued returns and higher volatility in 2025 than we experienced in 2024, given current valuations and the clouded macro outlook with economic indicators that can rapidly shift for better or worse. What is clear is that we are starting the year off a high bar, with the market having already rallied hard on expectations of multiple interest rate cuts as inflation declined, a better economic outcome than feared and expectations of pro-business and pro-growth policies under a Trump sweep. This euphoria, mainly anchored around the US, spread to our market, propelling the ASX300 to an elevated PE – around 19x – which, in order to be justified, either requires underlying earnings to catch up or for conditions to improve to the extent that future earnings growth looks better than it currently does. While expected earnings growth of only 1 or 2% for the whole market appears conservative and quite achievable, it is from a base that was continuously revised downwards throughout 2024 as macro uncertainties, higher interest rates and cost of living pressures impacted on companies' prospects. While the level of hope is high, divergent macro scenario outcomes still abound. In the US, will Trump's "Make America Great Again" program, which likely includes tax cuts, increased fiscal spending, lower administrative burden and the acceleration of projects, lead to a lift of earnings? Or will immigration cuts and higher import tariffs keep the inflation genie out of the bottle requiring a more hawkish Fed, abating the propensity to spend? The equity market seems to think Trump will lead to economic growth for the US yet the bond market appears more circumspect, concerned it will lead to higher inflation, higher rates or more US government debt. The lift in bond yields since his nomination has highlighted the increased inflationary and deficit risks. Which is right? It will likely depend on one's time horizon but also on the sequence, pace and extent to which each lever gets pulled, and the flow-on to underlying earnings growth which, apart from the high-flying large technology stocks, has so far been quite muted. The market is starting the year with high expectations but there are significant unknowns that will progressively play out through the year. For any market or sector shift to take place in a sustained manner, it needs to be underpinned by earnings and this is where the strength of Alphinity investment process comes through: not trying to forecast macro and/or multiple shifts but focusing on what we can measure and assess bottom-up through our on-the-ground research: company earnings.

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