Fund Summary

OnePath Global Emerging Markets Share Trust Wholesale

31 August 2023

Fund details

Investment manager	**MFS Investment Management**
Fund code	MMF0275AU
Asset type	Equity / Large Cap
Region	Global Emerging Markets
Fund size	$4.93 million as at 31 Jul 2023
Commencement date	20 Nov 2000
Distributions	Half yearly

Investment objective

The fund aims to achieve returns (after costs but before fees and taxes) that exceed the MSCI Emerging Markets Index (net dividends, A$ unhedged), over periods of three years.

Investment strategy

The fund invests predominantly in a portfolio of international emerging markets shares selected in accordance with a disciplined investment process.

Minimum time horizon

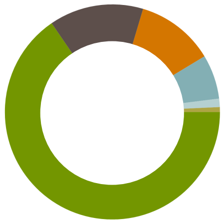
5 years

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:

1	2	3	4	5	6	7
Very low	Low	Low to medium	Medium	Medium to high	High	**High to very high**

Country allocation



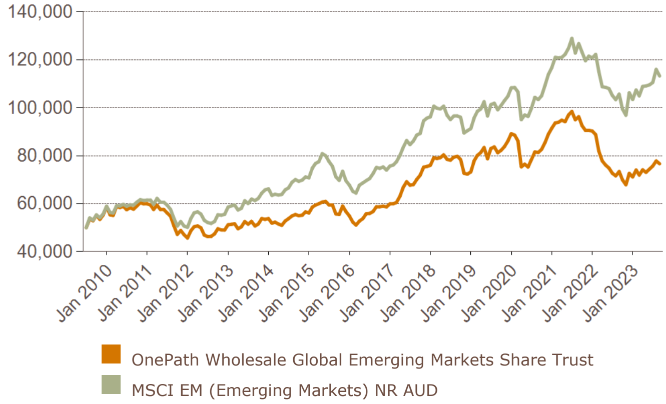
Fund performance

As at 31 Aug 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-1.50	3.02	4.41	-1.96	-0.79	3.88	4.22
Benchmark ‡	-2.36	3.39	7.18	3.07	3.23	6.03	6.32
Excess Return	0.86	-0.37	-2.77	-5.04	-4.02	-2.16	-2.11
Distribution	0.00	0.49	1.08	0.76	1.19	1.27	1.31
Growth	-1.50	2.53	3.33	-2.73	-1.98	2.61	2.91
Risk (1 Std Dev)	-	-	12.16	10.80	12.40	11.33	10.79
Tracking Error	-	-	4.60	4.16	3.65	3.58	3.85
Info. Ratio	-	-	-0.6	-1.2	-1.1	-0.6	-0.5

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	7.75	-21.20	-1.29	2.57	21.76
Benchmark ‡	9.48	-14.33	3.44	7.77	18.61
Excess Return	-1.73	-6.87	-4.73	-5.21	3.14

Growth of $50,000 invested since fund inception



Top 10 holdings

Security	% of fund
TAIWAN SEMICONDUCTOR MFG	7.16%
SAMSUNG ELECTRONICS CO	4.71%
TENCENT HOLDINGS LI (CN)	3.84%
ALIBABA GRP HLDG (HK)	2.53%
MERCADOLIBRE	2.44%
RELIANCE INDUSTRIES	2.30%
AXIS BANK	2.08%
GRUPO FIN BANORTE O	1.85%
HDFC BANK	1.49%
SAUDI ARAMCO	1.41%
Total Top 10	**29.81%**

* 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 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

November saw a powerful cross asset rally that was primarily driven by markets betting major central banks are finished with their hiking cycles, and rate cuts have been priced for sooner in 2024 rather than later. Delivering a staggering +9.13% return, the S&P 500 index is just 5% away from its all-time high. Volatility was anemic as depicted by the CBOE VIX which hovered near year lows.

Driving US markets was dovish talk from Fed officials who acknowledged that inflation is easing even in the face of a strong US economy, raising optimism for a soft landing. Headline CPI declined to while the core rate edged lower. While Q3 GDP was revised up to 5.2%, the ISM manufacturing PMI was flat at a contractionary 46.7 and retail sales for October fell by 0.1% m/m, suggesting that economic activity is softening at the margin. The Fed left its target rate unchanged at its November FOMC meeting, a second consecutive pause.

A similar market sentiment emerged over the outlook for Eurozone economies. Though communication from the ECB was quite hawkish, inflation cooled very rapidly with November flash headline inflation down to a very close to target 2.4% y/y. Core inflation also shifted down to 3.6% y/y and sequentially showed almost no increase in prices. While on the activity front Eurozone economies still appear quite weak, some improving leading indicators such as new orders and business sentiment suggest that the trend has bottomed out. A mini crisis erupted in Germany over its "debt brake" as the policy threw spending plans into disarray.

In China, soft and hard data appeared to diverge. NBS November manufacturing and non-manufacturing PMIs missed expectations and showed a deceleration from previous months at 49.4 and 50.2 respectively. On the other hand, the three growth propellers of retail sales, fixed asset investments and industrial production all stabilized. To stem property market woes, Chinese policymakers cut downpayment ratios and drafted a "whitelist" of 50 developers to be eligible for bank support. US-China tensions appeared to ease somewhat following the Biden-Xi meeting.

Future investment strategy

Developed market equities outside the US are attractive but, the greatest potential is in emerging markets. Value, cyclical, and small-cap stocks are expected to outperform in this market environment. When using a sector lens, consumer discretionary and technology seem to be the best value. Consumer discretionary is closely correlated with the economic cycle, and so an economic recovery would likely be positive for this sector, especially since consumers are benefiting from low unemployment. Investors can expect that as rates come down, earnings multiples for technology stocks may see a boost. Early in 2024, markets will begin to discount an economic recovery; policy support should solidify and increase global risk appetite as the year progresses. However, do not anticipate a significant rebound due to the shallowness of the slowdown.

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