

Fund Summary

OnePath Blue Chip Imputation Trust

Wholesale

31 August 2023

Fund details

Investment manager	OnePath Funds Management sub-advised by Tyndall Asset Management
Fund code	MMF0340AU
Asset type	Equity / All Cap
Region	Australia
Fund size	\$3.86 million as at 31 Jul 2023
Commencement date	01 Nov 2001
Distributions	Quarterly

Investment objective

The fund aims to outperform the gross return of the S&P/ASX 100 Total Return Index, including franking credits (but before investment fees and taxes) over periods of at least five years. The fund also targets a gross dividend yield, including franking credits that exceeds the gross dividend yield of the benchmark.

Investment strategy

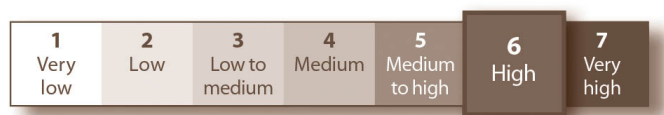
The fund invests predominantly in a diversified portfolio of Australian companies which provide a relatively high level of franked income, and have been selected in accordance with a disciplined Australian shares investment process.

Minimum time horizon

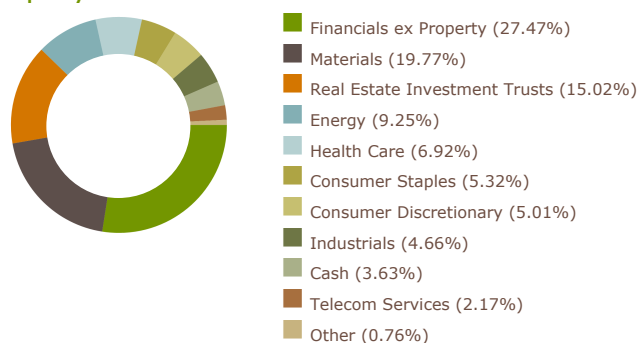
5 years

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:



Equity sector 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 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.

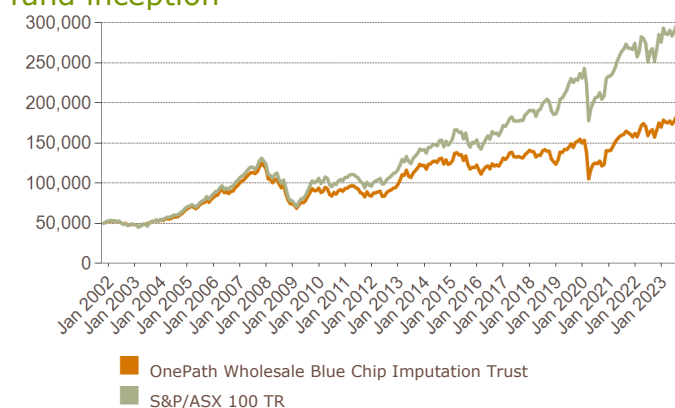
Fund performance

As at 31 Aug 2023

	1 mth %	3 mth %	1 yr %	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Total Return †	-1.61	4.17	8.44	12.29	5.25	5.84	4.55
Benchmark ‡	-0.70	4.07	10.24	11.52	7.59	8.96	8.21
Excess Return	-0.91	0.10	-1.80	0.77	-2.34	-3.12	-3.66
Distribution	0.00	1.36	5.12	5.01	4.75	4.60	4.48
Growth	-1.60	2.81	3.32	7.28	0.50	1.24	0.08
Risk (1 Std Dev)	-	-	12.70	12.97	17.68	15.52	14.69
Tracking Error	-	-	2.61	4.71	5.26	4.74	4.17
Info. Ratio	-	-	-0.7	0.2	-0.4	-0.7	-0.9

Calendar year returns	YTD	2022	2021	2020	2019
Total Return †	6.32	4.96	15.29	-6.49	21.48
Benchmark ‡	6.91	0.63	17.65	0.80	24.06
Excess Return	-0.59	4.33	-2.37	-7.29	-2.58

Growth of \$50,000 invested since fund inception



Top 10 holdings

Security	% of fund
NATIONAL AUSTRALIA BK - ORD NP	7.94%
BHP GROUP LTD - ORD NPV	7.91%
ANZ GROUP HOLDINGS LIMITED - O	7.80%
RIO TINTO GROUP - ORD NPV (AUS	6.49%
TELSTRA GROUP LIMITED - ORD NP	5.72%
WESTPAC BANKING CORP - ORD NPV	4.21%
CSL LTD - ORD NPV	4.09%
WOODSIDE ENERGY GROU	3.81%
QBE INSURANCE GROUP LIMITED -	3.76%
WOOLWORTHS GROUP LTD - ORD NPV	2.92%
Total Top 10	54.65%

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Market and portfolio review

In November, sentiment quickly turned on interest rates, where the bearish higher for longer narrative was replaced by the more bullish peak Fed. Global stocks closed out their best month in three years, with investors rotating into risky assets in the growing belief the US Fed and other central banks are close to winning the inflation battle. The S&P 500 index recovered from a 3 month losing streak and gained 9.1% in November in USD terms, while the US bond market staged its biggest rally since 1985. Australia's S&P 300 index (including dividends) closed up 5.1% and performed relatively well against other markets in AUD terms due to the stronger Australian Dollar rallying 4% to USD66c. In AUD terms, Australia slightly outperformed the MSCI World index which closed 5% higher.

The RBA raised rates in their November meeting and was a largely expected move, although a lower-than-expected inflation print (4.9% vs 5.2% expected) was consistent with data in Europe and in the US and further reinforced expectations that the rate hiking cycle may be nearing an end. Performance was encouragingly broad across sectors, with recently beaten-up sectors like Healthcare (+12) and REITS (+11%) among the best performers while Energy (-7%) and Utilities (-6%) lagged. Something else that fell beside bond yields was the US Dollar, losing nearly 3% against a trade weighted basket of global currencies as expectations for the US Fed to cut rates early next year gained traction. US 10 year bond yields fell 60 basis points to 4.33% while Aussie 10 year yields fell 51 basis points to 4.41%.

The sharp depreciation in the USD also spurred a rally in gold, with the spot price moving well north of USD2,000/oz, and taking the gold miners along for the ride. Oil prices declined for second straight month, falling 5% to USD81/bbl. OPEC+ delayed their meeting and was no closer to resolving a deadlock over oil-output quotas for some African members.

The delays further hindered the oil price, which has helped to lower headline inflation. Iron Ore prices continued to rise, adding a further 5.5% to USD125/t as China embarks on infrastructure stimulus.

Future investment strategy

While the US equity market in October was concerned that the economy was running too strongly and that another rate rise might be needed to tame inflation, a softer-than-expected inflation figure in November reversed that view and the market is now seemingly reassured that the economy is cooling meaningfully. The most recent quarter's reported earnings did surprise positively across most sectors, but full year earnings were largely unchanged. Has the Fed managed to engineer a slower economy without triggering a recession? Time will tell, although history suggests that soft landings have been rare once the slowdown has begun, especially when accompanied by a period of material and rapid rate tightening such as we have seen over the last year and a half. We would expect the earnings resilience the US has seen to date to be more significantly tested in 2024. At home, a more cautious tone about getting inflation under control was set by Michele Bullock, Australia's new Reserve Bank Governor, underscored by a further rate hike on Melbourne Cup Day. Although inflation here too has slowed, the Governor subsequently expressed concerns that Australia inflation is becoming more homegrown rather than being due to global supply chains as had largely been the case previously: demand is simply still higher than supply, especially for Services. Given the lack of spare capacity in the economy, a more meaningful demand slowdown will be required. Lower bond yields triggered another sharp rotation during November, with interest rate sensitive names outperforming. The equity market has more recently chosen to look across the valley of lower earnings, taking the view that we are at or close to peak rates, and that the odds of a recession here is discounted. Given the Governor's comments and the steep tightening to date, this appears somewhat optimistic to us. Earnings trends don't support this sector rotation. Property and Health Care companies for example, which were the two best performing sectors in November, are still experiencing negative earnings revisions in aggregate. From a Retail perspective, Black Friday sales appear to have been strong. However, this seems to have been largely driven by consumers seeking savings in this high cost of living environment likely pulling forward Christmas sales. For the whole of 2023, retail sales look to be flat to slightly positive, which is the weakest for some years. While there is no consumer recession so far, clearly some consumer segments are adjusting their spending patterns, leading to an uneven outlook.

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This information is current as at 30 Nov 2023 with the commentary current for the most recent quarter end (eg. March, June, Sept or Dec) however in some cases may be applicable for the preceding month or quarter end. Updated information will be available free of charge by contact Client Services on 133 665. The information is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances and objectives. Past performance is not indicative of future performance. The future value of investments may rise and fall with changes in the market. You should read the relevant PDS available at onepath.com.au and consider whether that particular product is right for you before making a decision to acquire or continue to hold the product.