

OPTIMIX UPDATE

MARCH QUARTER 2022

Quarterly market review

The first quarter of 2022 saw the world grapple with the terrible human tragedy of war in Ukraine. This shock fed through into markets which swung wildly on the back of soaring inflation which continued to surge further on rising commodity prices.

Other challenges in the quarter included China's struggle to contain renewed COVID-19 outbreaks, leading to lockdown measures being re-implemented in some major cities which negatively impacted Chinese equities.

While the global economy is still recovering the pace has eased significantly. With so much uncertainty at play most major share markets delivered negative returns to the end of March 2022.

The narrative changes for inflation

The narrative that inflation was transitory began to change at the beginning of the year with most central banks starting to take a more aggressive stance. In March the US Federal Reserve raised interest rates (from near zero) for the first time since 2018, in a bid to start to contain soaring inflation and bond market turmoil ensued.

Given already high inflation, on the back of stressed supply chains, the invasion of Ukraine has added to these pressures with oil and a range of commodity prices surging. These price spikes if sustained are not just inflationary they are a tax on growth. While central banks haven't had to raise rates on war-induced energy spikes in the past, with inflation already at eye-watering levels they won't be able to turn a blind eye like they could have done in the last 20 years or so.

We've been concerned about inflation for some time and that's why we've been moving away from fixed interest assets and allocating funds in our diversified trusts towards alternative assets which have different return patterns to traditional assets. We also believe our alternative assets will react differently to a rising interest rate cycle when compared to fixed income and shares.

Major asset class performance (%)

Asset classes	3 month	12 months	5 years (p.a.)
Australian shares	2.1	15.2	9.4
International shares (hedged)	-5.0	10.9	11.6
International shares (unhedged)	-8.4	11.6	12.9
International emerging markets (unhedged)	-9.9	-10.1	6.3
International small companies (unhedged)	-9.7	-0.2	10.0
Global listed property	-4.3	17.7	6.2
Cash	0.0	0.0	1.0
Australian fixed interest	-5.9	-5.5	1.9
International fixed interest	-5.0	-4.0	2.0

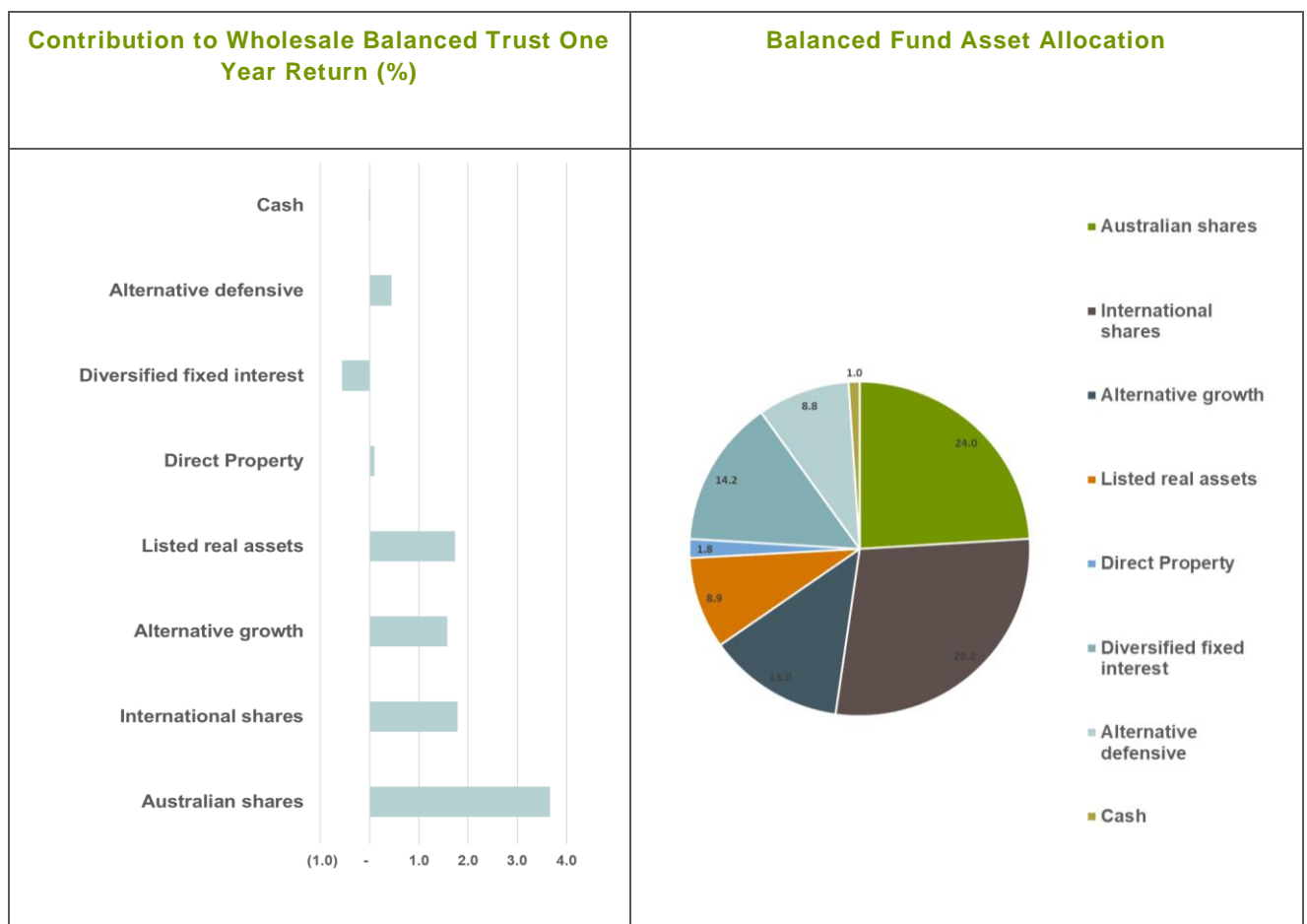
Source: JP Morgan and IOOF, 31 March 2022.

Indices: Australian shares: S&P/ASX 300 Accumulation | International shares (hedged/unhedged): MSCI World ex Australia Net | International emerging markets: MSCI Emerging Markets Net in AUD (unhedged) | International small companies (unhedged): MSCI World ex Aust Small Cap | Global listed property: FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged) | Cash: Bloomberg Ausbond Bank Bill | Australian fixed interest: Bloomberg AusBond Composite 0+ Yr Index | International fixed interest: Barclays Global Aggregate Bond Index (hedged).

Please note: Past performance is not indicative of future performance.

OptiMix Wholesale Balanced Trust Performance (as at 31 March 2022)

	3 mths (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	7 years (% p.a.)	10 years (% p.a.)
Gross returns	-2.47	8.72	7.86	7.38	6.36	8.51
Benchmark	-2.40	7.12	8.12	7.87	7.02	8.87
Excess returns against benchmark	-0.07	1.6	-0.26	-0.49	-0.66	-0.36
CPI + 5% Benchmark*	3.35	10.10	7.79	7.31	7.14	7.16
Excess returns CPI Objective	-5.82	-1.38	0.07	0.07	-0.78	1.35



Source: OnePath

Please note: Past performance is not indicative of future performance.

Performance data of OptiMix Wholesale Diversified Trusts

(Gross returns as at 31 March 2022)

Fund name/Benchmark	3 mths (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	7 years (% p.a.)	10 years (% p.a.)
OptiMix Conservative	-2.69	4.26	7.14	4.77	4.98	4.52	5.99
Benchmark	-2.69	2.77	6.08	4.50	4.90	4.58	5.89
OptiMix Moderate	-2.58	6.52	10.97	6.22	6.14	5.45	7.32
Benchmark	-2.45	4.94	10.30	6.28	6.40	5.82	7.47
OptiMix Balanced	-2.47	8.72	15.32	7.86	7.38	6.36	8.51
Benchmark	-2.40	7.12	14.82	8.12	7.87	7.02	8.87
OptiMix Growth	-2.56	10.48	18.63	9.01	8.31	7.12	9.53
Benchmark	-2.45	9.28	18.51	9.52	9.01	7.92	10.02
OptiMix High Growth	-2.72	11.13	21.51	9.86	9.04	7.72	10.44
Benchmark	-2.55	10.40	21.63	10.71	10.07	8.74	11.11

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