

ONEPATH ALTERNATIVES GROWTH

Quarter ended 30 June 2023

A multi-manager alternatives fund

FUND OVERVIEW

The **OnePath Alternatives Growth ('OPAG') Fund** is a daily liquid multi-manager/multi-strategy investment which invests in institutional quality, liquid alternative investment managers and strategies. The performance of the OPAG Fund is fully hedged to the Australian Dollar.

The portfolio is constructed to outperform the Bloomberg AusBond Bank Bill Index ('Cash') by 4% per annum (p.a.) (after fees) over rolling 5-year periods, with low beta to traditional assets. The portfolio targets volatility less than half of that of global equities, with an expected range of 4-6% p.a.; however, this can rise during periods of extreme market volatility.

The portfolio is expected to act as a diversifier, offering alternative sources of return generation, while also providing a cushion against significant drawdowns in equities. The portfolio can, however, be negatively impacted against a cash benchmark over shorter time periods which are characterised by indiscriminate sell-offs or divergence away from fundamentals, or where there is a lack of, or sharp reversals in, directional price trends.

RATIONALE FOR INVESTING

The key benefits of investing in the multi-manager/multi-strategy OPAG Fund are:

- Actively managed exposure to multiple liquid alternative managers and strategies;
- Offers exposure to non-traditional sources of return, and access to proven institutional quality manager expertise;
- Targets lower volatility of returns, with less downside risk than traditional asset classes; and
- Achieves enhanced portfolio diversification when blended with core equity and fixed income investments within a diversified, multi-asset portfolio.

SIGNIFICANT CHANGES DURING THE QUARTER

The following changes were made to the Underlying Funds effective from 1 June 2023:

- **Added** - Keynes Dynamic Beta Strategy (Offshore) Fund Limited – the investment manager is PGIM Wadhvani LLP (PGIM), employing its Systematic Absolute Return Plus ('SAR Plus') strategy
- **Added** - One River Systematic Trend SP (a segregated portfolio of the Peters Thematic SPC Fund Ltd) – the investment manager is One River Asset Management (ORAM), employing its Systematic Trend strategy
- **Added** - One River Systematic Alternative Markets Trend SP (a segregated portfolio of the Peters Thematic SPC Fund Ltd) – the investment manager is ORAM, employing its Alternative Markets Trend strategy
- **Exited** - GMO Systematic Global Macro Trust and ManAHL Alpha (AUD) Fund

The OPAG Fund will also allocate cash, as appropriate, to a cash fund managed by a member of the Insignia Financial Group. Please refer to the OPAG Fund's Product Disclosure Statement for details.

UNDERLYING FUNDS

The OPAG Fund was invested in the following Underlying Funds during the quarter:

The **One River Systematic Trend SP** strategy seeks to exploit medium to long term trends frequently observed in various equities, rates, FX, and commodity markets to generate returns. This systematic strategy employs a proprietary model which uses a combination of moving averages, breakouts, and stops to determine when to enter and exit the positions. The manager seeks to manage risk through diversification, stop loss, regular rebalancing, and position sizing.

The **One River Systematic Alternative Markets Trend SP** strategy seeks to exploit medium to long term trends frequently observed in various alternative equity, credit, rates, FX, and commodity markets to generate returns. This systematic strategy employs a similar investment approach to One River's Systematic Trend SP strategy but focuses on a different set of alternative markets – markets that are typically more challenging to model and trade, and that are generally less liquid.

The **Keynes Dynamic Beta Strategy (Offshore) Fund** strategy applies a systematic macroeconomic investment process which includes both directional (to average a 75% allocation over a full investment cycle) and relative value (25%) strategies, which seek to harvest risk premia in a non-linear fashion and emphasize drawdown avoidance. The strategy invests long and short across global equity, fixed income, currency and commodity markets, and utilises deep academic/theoretical input to generate signals, with a heavy focus on research and signal evolution. The strategy incorporates time-varying weights for macroeconomic, value, carry, sentiment, and intermarket linkages in a dynamic process, and employs advanced portfolio construction and risk management techniques seeking to protect client capital, focusing on downside volatility.

The **Fulcrum Diversified Absolute Return Fund** strategy seeks to achieve its aim of long-term absolute returns by investing globally and aims to hold a highly diversified portfolio, typically consisting of exposures to equities, fixed income, commodities, alternatives and cash. Investments may be made through collective investment schemes (including index funds such as exchange traded funds (ETFs) and actively managed funds managed by Fulcrum Asset Management LLP but not actively managed funds managed by third party investment managers). The strategy will use derivatives for investment purposes and for efficient portfolio management. The Fulcrum Diversified Absolute Return Fund will use hedging strategies to reduce risk over the short term without materially altering its risk profile. The strategy is managed without reference to a benchmark and aims to be managed with a forward-looking volatility cap of 12%.

The **Janus Henderson Global Multi-Strategy Fund** strategy seeks to provide positive absolute returns with low to moderate volatility and low correlation to both traditional and alternative asset classes. The strategy in a diversified set of strategies at a bottom-up level, including fixed income, currency and commodity relative value, convertible arbitrage, event-driven, price pressure, risk transfer and equity market neutral, combined with a top-down portfolio protection strategy. The strategy seeks to achieve a positive (absolute) return, regardless of market conditions, and to outperform the Bloomberg AusBond Bank Bill Index by 7% p.a. (before fees) over rolling three-year periods.

The **MCP Wholesale Investments Trust** is a multi-strategy fund currently invested in wholesale funds managed by Metrics Credit Partners (Metrics), specifically the Metrics Credit Partners Diversified Australian Senior Loan Fund, the MCP Secured Private Debt Fund II and the MCP Real Estate Debt Fund (Wholesale Funds). From time to time and subject to ASX listing rules, the fund may hold units in the Metrics Master Income Trust (ASX:MXT) which are traded on the ASX. The strategy seeks to provide investors with monthly cash income, low risk of capital loss and portfolio diversification, through direct investments and its investment in the wholesale funds, by gaining exposure to actively managed diversified loan portfolios across a range of industries, borrowers and credit quality and participating in Australia's bank-dominated corporate loan market. Metrics seeks to implement active strategies designed to balance MCP Wholesale Investment Trust's objective in delivering its target return (RBA Cash Rate plus 325 bps pa net) ('Target Return') while seeking to preserve investor capital. Net income is distributed monthly. MCP Wholesale Investments Trust may not be successful in achieving its objective and delivering the Target Return.

The **Bentham Syndicated Loan Fund** strategy is actively managed and focused on generating stable investment income. The strategy aims to provide investors with exposure to high-yielding investments primarily through the US syndicated loan market, with an active allocation to investments in different industries, issuers and geographies. The strategy seeks to add value through loan selection and industry rotation, while maintaining a highly diversified portfolio.

Quarter End Portfolio Allocations

Asset	Weighting (%)	Classification
Keynes Dynamic Beta Strategy (Offshore) Fund Limited	15.6%	Global Macro
Fulcrum Diversified Absolute Return Fund	19.8%	Multi-Asset/Multi-Strategy
Bentham Syndicated Loan Fund [^]	0.1%	Alternative Credit
Janus Henderson Global Multi-Strategy Fund	21.9%	Multi-Strategy
Metrics Wholesale Investments Trust	24.9%	Private Debt
One River Systematic Trend SP [#]	6.9%	Trend-Following
One River Systematic Alternative Markets Trend SP	10.0%	Trend-Following
Cash [*]	0.8%	Cash

* Maximum allowable Cash SAA is 20%

[^]The target allocation for the Bentham Syndicated Loan Fund is currently 0%

[#] The One River Systematic Trend SP strategy targets 18% volatility, with the disclosed "Weighting %" comprising (i) the allocation to the 18% volatility strategy and (ii) an allocation to a Cash Fund managed by a member of the Insignia Financial Group. This is to achieve a preferred target volatility of approximately 10% for this strategy allocation.

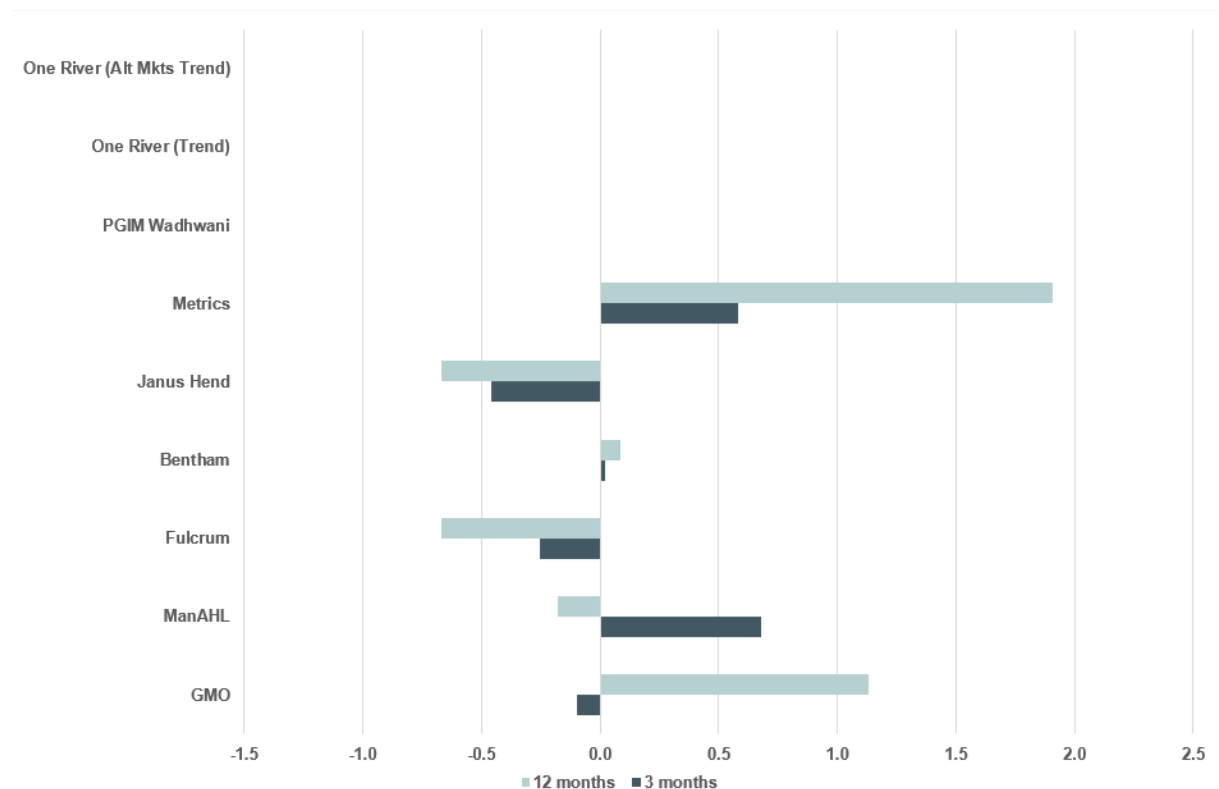
FUND PERFORMANCE

OPAG Fund Performance (Net of Fees) to 30 June 2023

	3 Months	1 Year	3 Years p.a.
OPAG Fund (Frontier Class)	0.2%	0.8%	3.5%
Benchmark (Bloomberg AusBond Bank Bill Index)	0.9%	2.9%	1.0%
Objective (Benchmark + 4% over rolling 5-year periods)	1.9%	6.9%	5.0%
Volatility		1.9%	3.1%
Beta to Equities [#]		0.0	0.1
Correlation to Equities [#]		0.4	0.3

[#] Equities is represented by the MSCI World ex Aust Net Index – AUD Hedged

Gross Month Performance Attribution by Underlying Manager to 30 June 2023



Co-Portfolio Managers (since July 2022): Gareth Abley, Jehan Sukhla

This document is issued by OnePath Funds Management Limited ABN 21 003 002 800 AFSL 238342 (OnePath Funds Management) as Responsible Entity of the OnePath Alternatives Growth Fund ('Fund') for the use of financial advisers and institutional clients only. OnePath Funds Management is a member of the Insignia Financial Group of companies, comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group). Neither OnePath Funds Management nor any other company in the Insignia Financial Group guarantee the repayment of capital, the performance of, or any rate of return of an investment in the Fund.

An investment in the Fund is subject to investment risk, including possibly delays in repayment and loss of income and principal invested. Past performance is not an indication of future performance.

This document is current as at the report date and is based in part on information obtained in good faith from third party sources. Whilst it is believed that the information obtained from such third-party sources is accurate and complete, to the extent permitted by law neither OnePath Funds Management, nor any company in the Insignia Financial Group, nor any of their directors or employees, guarantees its accuracy and completeness or accepts any responsibility for any errors or omissions.

The information provided is of a general nature only and is not tailored to any particular investor's personal circumstances. Accordingly, reliance should not be placed by anyone on the information in this document as the basis for making any investment decision. Before acting on the information in this document, you should consider the appropriateness of the information having regard to your or your client's personal objectives, financial situation and needs. The Fund's Product Disclosure Statement (PDS) should also be considered before deciding to acquire or hold an interest in the Fund. The PDS and the Fund's Target Market Determination are available at www.onepath.com.au or by calling 13 36 65.