

# Ausbil Australian Emerging Leaders Fund

Quarterly performance update

June 2022

Ausbil Investment Management Limited  
ABN 26 076 316 473  
AFSL 229722  
Level 27  
225 George Street  
Sydney NSW 2000  
GPO Box 2525  
Sydney NSW 2001  
Phone 61 2 9259 0200

'The financial year has ended with significant questions over the path for interest rate tightening, and the impact this will have on growth'

## Performance Review

Fund performance for the quarter ending June 2022 was -17.65% (net of fees), versus the benchmark return of -16.44%. The benchmark is represented by a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

At a sector level, the overweight position in the Energy sector contributed to relative performance. The underweight positions in the Consumer Discretionary and Real Estate sectors also added value. Conversely, the overweight positions in the Materials, Industrials and Financials sectors detracted from relative performance. The underweight exposures to the Consumer Staples, Health Care, Information Technology, Communication Services and Utilities sectors also detracted value.

At a stock level, the overweight positions in Ampol, Worley, Orica, Beach Energy, Challenger, Steadfast Group, Webjet and Alkerm contributed to relative performance. The nil positions in Charter Hall Group and Pilbara Minerals also added value. Conversely, the overweight positions in Evolution Mining, Nine Entertainment, Regis Resources, IGO and OZ Minerals detracted from relative performance. Nil positions in Atlas Arteria, Aurizon, AGL Energy and Vicinity Centres also detracted value.

## Market Review

June 30 closed the Australian financial year with a one-month return of -11.2% (Composite Benchmark, comprising 70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices), -16.4% for the quarter, and bringing the total market return for the financial year to -12.0%. Markets have swung with inflation, beginning the financial year with a strong outlook for growth and cyclical stocks, but ending the year following a relatively hard rotation out of growth, particularly Information Technology. The rise in inflation across the financial year saw sectors like Materials and Energy rise as beneficiaries in inflationary environments. In terms of sector performance this fiscal year, Utilities (+35.9%), Energy (+29.7%), Industrials (+1.7%) and Materials (-2.1%) all significantly outperformed the market (S&P/ASX 300: -6.8%). Information Technology (-36.4%), Consumer Discretionary (-22.5%), Real Estate (-11.7%) and Health Care (-9.6%) were the worst performers in the market rotation.

The quarter has been eventful, with the Australian election delivering a win for the Labor party led by Prime Minister Albanese; the continuation of hostilities in the Ukraine; and a number of record inflation reads that saw Australia and the US commence hard monetary tightening. The financial year has ended with significant questions over the path for interest rate tightening, and the impact this will have on growth, with persistently high inflation reads keeping the markets on edge.

## Outlook

The Australian tax year has closed. With one month to go until reporting season, there is much anticipation around earnings growth and how companies are managing rising costs, inflation, interest rates, an energy shock and a new government. We do not expect to see major impacts from these in this round of reporting, with EPS growth expected by Ausbil to exceed +25% for FY22.

Ausbil believes the conditions for ongoing positive earnings growth are also in place for FY23, though at a slower pace than this financial year, and potentially across a more defensive sector allocation. The key issue we are monitoring is the path for growth. We have seen a lot of commentary recently on the potential for a recession, and while we remain of the view that a recession is unlikely, and that monetary policy makers will err on the side of caution if signs point to contraction, this outcome does remain an elevated risk. Our current outlook for growth remains positive, although there is potential for growth to fall below trend for some time with the renewed supply shock from the invasion of Ukraine.

## Fund Characteristics

Returns<sup>1</sup> as at 30 June 2022

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under performance %
1 month	-14.15	-11.16	-2.99
3 months	-17.65	-16.44	-1.21
6 months	-19.81	-18.97	-0.84
FYTD	-8.29	-11.97	3.69
CYTD	-19.81	-18.97	-0.84
1 year	-8.29	-11.97	3.69
2 years pa	15.06	9.00	6.06
3 years pa	7.38	5.45	1.93
5 years pa	7.38	7.26	0.12
10 years pa	10.57	10.17	0.40
15 years pa	5.18	3.72	1.45
20 years pa	10.44	8.75	1.69
Since inception pa Date: April 2002	10.32	8.59	1.73

## Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
Ampol	6.13	2.43	3.70
Lynas	5.82	2.35	3.47
AMP	5.09	0.93	4.16
Orica	5.06	1.92	3.14
IGO	4.72	2.00	2.72
Alkerm	4.28	1.82	2.46
Cleanaway Waste Management	4.16	1.55	2.61
Mineral Resources	4.03	0.00	4.03
Challenger	3.69	1.17	2.52
ALS	3.63	1.54	2.09

## Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	12.88	8.36	4.52
Materials	33.88	25.89	8.00
Industrials	14.41	12.98	1.43
Consumer Discretionary	5.67	11.82	-6.15
Consumer Staples	0.00	3.98	-3.98
Health Care	0.00	3.17	-3.17
Financials	16.27	11.07	5.20
Information Technology	8.87	11.68	-2.81
Communication Services	0.00	1.43	-1.43
Utilities	0.00	1.65	-1.65
Real Estate	0.00	7.98	-7.98
Cash	8.02	0.00	8.02
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.

Ausbil Investment  
Management Limited  
Level 27  
225 George Street  
Sydney NSW 2000  
Australia  
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil Australian Emerging Leaders Fund (ARSN 089 995 442) (Fund). This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at [www.ausbil.com.au](http://www.ausbil.com.au) and the target market determination which is available at <https://www.ausbil.com.au/invest-with-us/design-and-distribution-obligations/fund-tmlds> before acquiring or investing in the fund.

Contactus@  
[ausbil.com.au](mailto:ausbil.com.au)

**ausbil**  
Strength. Wisdom. Agility.

