

Ausbil Australian Emerging Leaders Fund

Monthly performance update

November 2022

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Performance Review

Fund performance for November 2022 was +5.81% (net of fees) versus the benchmark return of +4.97%. The benchmark is 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 Fund's overweight positions in the Energy, Materials and Utilities sectors added to relative performance. The underweight positions in the Industrials, Consumer Discretionary and Real Estate sectors also added value. Conversely, the overweight positions in the Consumer Staples and Financials sectors detracted from performance. The underweight exposures to the Health Care, Information Technology and Communication Services sectors also detracted value.

At a stock level, the overweight positions in Evolution Mining, Webjet, NextDC, Beach Energy, OZ Minerals, AMP, AGL Energy, The a2 Milk Company and AUB Group contributed to relative performance. The underweight position in Pilbara Minerals also added value. Conversely, the overweight positions in Domain, Allkem, Boss Resources, Paladin Energy, Bank of Queensland, Life360 and Block detracted from relative performance. The nil positions in Virgin Money UK, Carsales.com and Iluka Resources also detracted value.

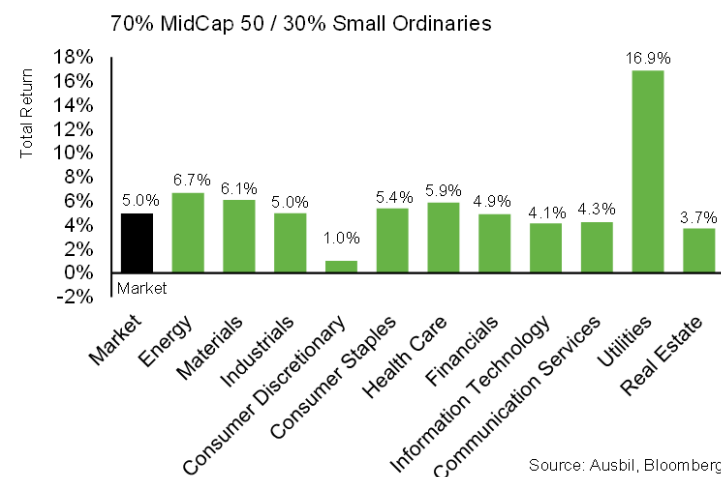
Market Review

The month of November saw the market return an impressive +5.0% (Composite Benchmark, comprising 70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices).

Inflation and monetary policy continued to occupy the market, however the US and Australian data reads supported the view that inflation may have peaked, and the market responded with vigour. Coupled with positive news from China on COVID and potential reopening, the market rallied in November, adding to the 6.9% rally in October.

The strong return generated in markets this month was underpinned by positive performances across all sectors, as illustrated in the chart below. The rebound in commodity and energy markets was particularly strong with China reopening moves, and real estate benefitted from an outlook of more tempered rate rises. Utilities also enjoyed a solid month as renewed M&A activity surfaced with a Brookfield-led consortium making an offer for Origin Energy.

Sector returns – November 2022



Fund Characteristics

Returns¹ as at 30 November 2022

Period	Fund Return ¹ %	Benchmark ² %	Out/Under performance %
1 month	5.81	4.97	0.84
3 months	3.18	2.55	0.63
6 months	-1.05	3.16	-4.20
1 year	-3.96	-2.74	-1.22
2 years pa	12.74	7.95	4.79
3 years pa	11.54	8.60	2.94
5 years pa	7.89	8.38	-0.49
7 years pa	10.01	11.26	-1.24
10 years pa	11.20	10.95	0.24
15 years pa	5.89	4.57	1.32
20 years pa	11.81	9.79	2.02
Since inception pa Date: April 2002	10.86	9.20	1.66

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
AMP	6.69	1.13	5.56
Lynas	4.70	1.98	2.71
OZ Minerals	4.66	2.33	2.33
IGO	4.07	2.64	1.43
Worley	4.05	1.40	2.65
Evolution Mining	3.84	1.25	2.58
The a2 Milk Company	3.75	1.17	2.58
Allkem	3.71	2.08	1.63
Challenger	3.45	1.09	2.37
Beach Energy	3.26	0.36	2.90

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	15.86	8.79	7.07
Materials	32.39	28.00	4.39
Industrials	8.13	12.06	-3.93
Consumer Discretionary	5.98	11.02	-5.05
Consumer Staples	3.75	3.52	0.23
Health Care	0.77	3.64	-2.88
Financials	14.86	10.65	4.20
Information Technology	11.07	11.95	-0.88
Communication Services	0.00	0.97	-0.97
Utilities	3.08	1.21	1.87
Real Estate	3.25	8.19	-4.94
Cash	0.87	0.00	0.87
Total	100.00	100.00	0.00

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.

Outlook

Ausbil remains positive on the outlook in key metals given low levels of inventory, support from ongoing economic growth in China, and from the long structural themes of decarbonisation, renewable energy and energy security, and technology-driven changes in how we live, such as the electrification-of-things, and the shift to electric vehicles.

We see ongoing support for earnings growth in resources, and in energy given the shock we have experienced from the invasion of Ukraine. In resources, we are invested extensively across the decarbonisation thematic, in copper, nickel, lithium and rare earths.

We are avoiding sectors that are cyclical, over-exposed to slowing economic growth, and whose earnings are adversely impacted by inflationary pressures. This includes construction, retailing, consumer discretionary and housing.

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