

# Ausbil 130/30 Focus Fund

## Quarterly performance update

December 2020

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'The markets closed the year positively, but with a somewhat sombre mood with respect to the localised virus spikes and border closures'

### Performance Review

Fund performance for the quarter ending December 2020 was +13.00% (net of fees) versus the benchmark return of +13.70%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Financials, Industrials and Health Care sectors.

At a stock level, the overweight positions in Nuix, Lynas, BlueScope Steel, National Australian Bank and BHP contributed to relative performance. The nil position in Evolution Mining also added to performance. Conversely, the overweight positions in CSL, Saracen Mineral Holdings, Ramsay Health Care, United Malt Group, Sonic Healthcare, Goodman Group, Aristocrat Leisure and Dexus Property Group detracted from relative value. The underweight exposure to Afterpay also detracted value.

### Market Review

The Australian equity market return in December of +1.2% (as measured by the S&P/ASX 200 Accumulation Index) was positive for the month, but significantly underperformed both Emerging Market (MSCI EM: +7.4%) and Developed Market equities (MSCI World: +4.2%). On a quarterly basis, Emerging Market equities (MSCI EM: +19.7%) outperformed Developed Market (MSCI World: +14.0%) and local equities (S&P/ASX 200 Accumulation Index: +13.7%).

Domestically, running along the market-cap spectrum, Australia's key indices performed strongly across the quarter, with large-cap equities (S&P/ASX 20: +15.2%, S&P/ASX 100: +13.8%, S&P/ASX 200: +13.7%, S&P/ASX 300: +13.8%), mid-cap equities (S&P/ASX MidCap 50: +16.9%), and small cap equities (Emerging Companies: +17.4% and Small Ordinaries: +13.8%) all performing solidly.

### Outlook

Ausbil's view of a robust u-shaped economic recovery remains, with the rebound that started in the second half of 2020 to strengthen into 2021, with a consequent recovery in company earnings. The unfolding economic recovery will benefit both growth and cyclical businesses, supported by ongoing accommodative monetary and fiscal policies. We are also seeing the potential for both 'rebound' and 'organic' growth to drive a return to full earnings capacity across industries as they emerge from lockdowns, as the consumer returns to a more balanced pattern of spending, and as the world trends towards a more normalised global trade environment.

However, key risks remain around the pandemic itself, as we are yet to see the efficacy of new vaccines deployed amongst the actual population. Moreover, new virus strains and localised infection spikes in Australia, and globally brought December back to reality from the heady returns of November. The markets closed the year positively, but with a somewhat sombre mood with respect to the localised spikes and border closures in Australia, problems across Europe that saw lockdowns extended into the new year, and worsening infection burdens in the US, and many developing economies where the virus is far from controlled. While these developments do not change Ausbil's macro outlook for recovery, they remain keenly in focus, and we are managing our portfolios accordingly.

### Fund Characteristics

#### Returns<sup>1</sup> as at 31 December 2020

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup> %	Out/Under performance %
1 month	1.63	1.21	0.42
3 months	13.00	13.70	-0.70
6 months	12.40	13.20	-0.80
FYTD	12.40	13.20	-0.80
CYTD	5.03	1.40	3.63
1 year	5.03	1.40	3.63
3 years pa	6.86	6.73	0.14
5 years pa	10.22	8.73	1.50
7 years pa	8.10	7.38	0.72
10 years pa	9.07	7.84	1.22
Since inception pa Date: July 2010	9.57	8.34	1.23

#### Market Exposure

	% of Fund
Long	97.79
Short	-2.85
Net	94.94

#### Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
CSL	8.48	7.01	1.46
Commonwealth Bank	8.44	7.93	0.51
BHP	7.81	6.80	1.01
National Australia Bank	5.15	4.05	1.10
ANZ Bank	4.49	3.51	0.99
Woolworths	3.71	2.71	1.00
Macquarie Group	3.63	2.56	1.07
Goodman Group	3.48	1.73	1.75
Rio Tinto	3.29	2.30	0.99
Wesfarmers	3.16	3.11	0.05

#### Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	3.26	3.75	-0.49
Materials	21.14	20.32	0.82
Industrials	5.97	7.83	-1.86
Consumer Discretionary	7.47	7.71	-0.24
Consumer Staples	5.62	5.93	-0.31
Health Care	12.34	10.67	1.68
Financials	27.67	27.76	-0.09
Information Technology	4.67	5.19	-0.53
Communication Services	0.53	2.45	-1.92
Utilities	-0.25	1.40	-1.65
Real Estate	6.52	6.99	-0.47
Cash	5.06	0.00	5.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees but before taxes.

2. The benchmark S&P/ASX 200 Accumulation Index.

## ASIC Benchmark 2. - Periodic Reporting

This benchmark is aimed at ensuring that investors receive timely, basic fund investment performance information on a periodic basis to make informed investment decisions. Please refer to the below information relating to this benchmark.

The Fund's current net asset value and redemption price are available at [www.ausbil.com.au/unit-prices](http://www.ausbil.com.au/unit-prices). The Ausbil 130/30 Focus Fund – wholesale class' net performance returns are available at [www.ausbil.com.au/performance-tables](http://www.ausbil.com.au/performance-tables). There have been no changes to the key service providers, the related party status of the Fund, the Fund's risk profile, the Fund's strategy or the investment team.

Please refer to the Update of Information available at <http://www.ausbil.com.au/products/ausbil-130-30-focus-fund> (Important Notice to Investors) for more information on the appointment of additional securities lenders.

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### A short notice on the COVID-19 public health event, and how it can impact investments

Given the currently evolving issues around the Coronavirus (or Covid-19) globally, which has officially been designated a pandemic by the World Health Organisation, we wish to notify that, as with many firms, business may be disrupted. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or Covid-19) in Australia, Italy, China, South Korea, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact investment returns in any of Ausbil Investment Management Limited's registered managed investment schemes (the Funds). Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, an inability on behalf of authorities to contain this pandemic) may adversely impact any investment, including by delaying or causing supply chain disruptions or by causing staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to any investment or fund performance.