

Ausbil Active Dividend Income 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

Portfolio performance for the quarter ending December 2020 was +13.66% (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 positions in the Energy and Real Estate sectors added to relative performance. The underweight positions in the Consumer Discretionary, Consumer Staples, Health Care and Utilities sectors also added to relative performance. Conversely, the overweight positions in the Materials and Financials sectors detracted from relative performance. The underweight positions in the Industrials, Information Technology and Communication Services sectors also detracted value.

At a stock level, the overweight positions in National Australia Bank, IGO, ANZ Bank, Santos, OZ Minerals and Seven Group contributed to relative performance. The underweight position in Northern Star Resources and nil positions in ASX, The a2 Milk Company and Evolution Mining also contributed value. Conversely, the overweight positions in Ramelius Resources, Saracen Mineral Holdings, Elders, Service Stream, QBE Insurance and Charter Hall Long Wale REIT detracted from relative performance. The underweight position in Commonwealth Bank, and nil positions in Afterpay, Xero and Woodside Petroleum also detracted value over the period.

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

Returns¹ as at 31 December 2020

Period	Distribution Return ² % Net	Growth Return % Net	Total Return % Net	Bench- mark ³ %	Excess Return ⁴ %
1 month	0.35	0.89	1.24	1.21	0.03
3 months	1.17	12.49	13.66	13.70	-0.04
6 months	2.35	13.22	15.57	13.20	2.37
FYTD	2.35	13.22	15.57	13.20	2.37
CYTD	4.78	-1.66	3.12	1.40	1.71
1 year	4.78	-1.66	3.12	1.40	1.71
2 years pa	8.71	5.67	14.38	11.86	2.52
Since inception pa Date: July 2018	7.30	1.31	8.61	6.31	2.29

Top 10 Stock Holdings

Name	Fund %	Index ³ %	Tilt %
Commonwealth Bank	12.75	7.93	4.83
CSL	8.10	7.01	1.09
BHP	8.07	6.80	1.27
National Australia Bank	5.01	4.05	0.97
Macquarie Group	3.96	2.56	1.40
ANZ Bank	3.83	3.51	0.33
Transurban Group	3.34	2.03	1.31
Fortescue Metals	2.49	2.12	0.37
Telstra	2.26	1.93	0.34
Wesfarmers	2.19	3.11	-0.92

Sector Tilts

Sector	Fund %	Index ³ %	Tilt %
Energy	5.48	3.75	1.74
Materials	22.83	20.32	2.51
Industrials	6.65	7.83	-1.18
Consumer Discretionary	5.52	7.71	-2.19
Consumer Staples	5.65	5.93	-0.28
Health Care	10.70	10.67	0.03
Financials	28.38	27.76	0.62
Information Technology	0.00	5.19	-5.19
Communications Services	2.26	2.45	-0.19
Utilities	1.34	1.40	-0.06
Real Estate	10.40	6.99	3.41
Cash	0.78	0.00	0.78
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes and exclude franking credits.
2. Distribution return calculated in accordance with FSC Standard 6.
The 2018/2019 distribution was 92% franked. The 2019/2020 distribution was 70% franked.
3. S&P/ASX 200 Accumulation Index.
4. Excess returns are net of fees but before taxes and exclude franking credits.

Monthly Distributions

	Ex-Price 30 June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ex-Price 30 June	Total CPU	Franking Credit Per Unit	Franking level
FY 2019	\$1.000000	0.45	0.45	0.45	0.44	0.44	0.44	0.44	4.77	0.44	0.44	0.44	2.43	\$1.019293	11.63	4.58	92%
FY 2020	\$1.019293	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.54	\$0.893822	5.60	1.67	70%
FY 2021	\$0.893822	0.35	0.35	0.35	0.35	0.35	0.35										

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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.