

Ausbil Australian Geared Equity Fund

Quarterly performance update

March 2021

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
Fax 61 2 9259 0222

'Ausbil's macro outlook, set early in the pandemic, has largely played out as the market rebounded, followed by a resurging economy'

Performance Review

Fund performance for the quarter ending March 2021 was +12.97% (net of fees) versus the benchmark return of +4.15%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Lynas, OZ Minerals, National Australia Bank, Santos, BHP, ANZ Bank and Aristocrat Leisure contributed to relative performance. The nil positions in Fortescue Metals, Coles Group and The a2 Milk Company also added value. Conversely, the overweight positions in Afterpay, Nuix, NextDC, Charter Hall Group, Lendlease, CSL, Northern Star Resources, IGO and Goodman Group detracted from relative performance. The nil position in Telstra also detracted value.

Market Review

The market delivered a strong quarter, up 4.2% as measured by the S&P/ASX 300 Accumulation Index. The March quarter confirmed that economic growth is on track, with a consequent recovery in earnings from improved trading conditions and emergence from intense lockdowns, though the experience of sporadic localised lockdowns is likely to be the norm for some time yet.

Returns for the quarter suggest that a steady rotation towards cyclicals from growth continues, with rising bond yields adding complexity in a macro environment dominated by government and central bank stimulus, and driving some reduction in equity duration across portfolios. These changes are incremental and not revolutionary, and as outlined in Ausbil's economic review and outlook, we believe that economic growth can run for some years before it becomes a real risk for sustained inflation.

As in February, cyclicals closed the March quarter strongly (Financials: +12.1%, Consumer Discretionary: +8.9%, Energy: +3.3% and Materials: +2.7%), outperforming both non-cyclicals (including Health Care: -2.1%, Utilities: -1.8%, Real Estate: -0.4% and Consumer Staples: +0.1%) and growth (Information Technology: -10.3%).

Outlook

Ausbil's macro outlook, set early in the pandemic, has largely played out as the market rebounded, followed by a resurging economy. The current economic growth path is expected to run through the balance of 2021 and 2022, and possibly beyond, and is expected to be accompanied by solid years of earnings growth.

Markets are still, on average, tentative around the impact of firming bond yields and the potential for unanticipated inflation. At this stage in the recovery, the house view remains that while there might be some unanticipated higher reads on inflation, it is not in our view that inflation will become a problem in the short to medium term such that it warrants central banks to move.

Ausbil's portfolios have been positioned for a clear path to recovery, but with some volatility and uncertainty along the way. We believe the next two years will see strong earnings growth in which investors are compelled to participate.

Fund Characteristics

Returns¹ as at 31 March 2021

Period	Fund Return %	Benchmark ² %	Out/Under performance %
1 month	3.21	2.30	0.92
3 months	12.97	4.15	8.82
6 months	54.88	18.51	36.37
FYTD	60.28	18.45	41.83
CYTD	12.97	4.15	8.82
1 year	115.68	38.34	77.34
2 years pa	12.37	8.74	3.64
3 years pa	13.08	9.73	3.35
5 years pa	16.60	10.32	6.28
7 years pa	10.38	7.77	2.61
10 years pa	10.96	7.86	3.11
Since inception pa	3.05	4.95	-1.90

Date: May 2007

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
BHP	20.72	6.75	13.97
Commonwealth Bank	17.14	7.73	9.41
CSL	15.70	6.09	9.60
National Australia Bank	15.48	4.34	11.14
Westpac Bank	11.74	4.53	7.21
ANZ Bank	10.66	4.06	6.60
Macquarie Group	8.60	2.63	5.97
Santos	8.57	0.67	7.89
Aristocrat Leisure	7.72	1.11	6.61
Rio Tinto	7.49	2.08	5.41

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	8.57	3.73	4.83
Materials	57.09	19.90	37.19
Industrials	20.60	7.33	13.26
Consumer Discretionary	10.08	8.42	1.66
Consumer Staples	4.86	5.61	-0.75
Health Care	23.38	9.99	13.38
Financials	69.54	29.34	40.20
Information Technology	9.34	4.89	4.45
Communication Services	0.00	2.64	-2.64
Utilities	0.00	1.27	-1.27
Real Estate	9.46	6.87	2.59
Cash	-112.91	0.00	-112.91
Total	100.00	100.00	0.00

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

2. The benchmark S&P/ASX 300 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 Geared Equity Fund (ARSN 124 196 407) (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 before acquiring or investing in the fund. Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. Further information is available at www.msci.com.

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.