Contactus@
ausbil.com.au

Ausbil Australian Geared Equity Fund

Monthly performance update

February 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
Fax 61 2 9259 0222

'The equity outlook is now complicated by the invasion of Ukraine. Pleasingly, COVID should no longer negatively impact the shape of the economic recovery'

Performance Review

Fund performance for February 2022 was +3.79% (net of fees) versus the benchmark return of +2.09%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Lynas Rare Earths, BlueScope Steel, OZ Minerals, Qantas, Computershare and National Australia Bank contributed to relative performance. The nil positions in Wesfarmers, Fortescue Metals, Mineral Resources and Domino's Pizza also added value. Conversely, the overweight positions in IGO, Aristocrat Leisure, Seek and Xero detracted from relative performance. The nil holdings in Westpac Bank, Woodside Petroleum, South32, Newcrest Mining, Northern Star Resources and Cochlear also detracted value.

Market Review

February closed under a dire mood, globally, with Russia's invasion of Ukraine on 24 February, with the conflict since escalating as Putin's forces attacked major cities, including the capital Kiev. The market was rattled by the move, but retraced the losses as there remained some hope that a ceasefire could be achieved in a first planned meeting on the last day of the month. The S&P/ASX 300 Accumulation Index ended the month up +2.1%, on an annual return of +10.3%. Unfortunately, the ceasefire meeting stalled and the war continues. Domestically, Australia has been dealing with some of the worst flooding across Queensland and New South Wales in recent years.

Sector returns varied across the month, with Energy (+8.4%) and Utilities (+3.4%) up on the energy price surge, and Materials (+5.1%) on the surge in commodity prices. On the flipside, Information Technology (-6.8%) and Consumer Discretionary (-5.0%) led the underperformers.

Outlook

The equity outlook is now complicated by serious and unquantifiable risks that have been awakened by the Russian invasion of Ukraine. Pleasingly, COVID should no longer negatively impact the shape of the economic recovery. We are expecting strong global growth in 2022. A return to relative normality beyond COVID will benefit company earnings, and we do not see interest rate rises as a threat to the ability of companies to finance their growth in the coming years. Risks do remain elevated. Ausbil is closely monitoring these risks, including the Russia/Ukraine conflict, the potential for new COVID strains, a steeper return to trend growth from normalising monetary policy, and the effects of interest rates and inflation on the balance sheets of companies.

Consensus is currently projecting EPS growth of +14.2% (S&P/ASX 300) for FY22, and +2.5% for FY23. Having just come out of HY22 reporting season, Ausbil expects that earnings in FY22 and FY23 will be stronger than consensus expectations. To capture the dynamics of how we are seeing earnings and earnings growth over the coming year, Ausbil is invested in quality growth, quality income, resources and structural growth leaders. We are also favouring sectors and stocks that benefit from rising interest rates.

Fund Characteristics

Returns[1] as at 28 February 2022

Period	Fund Return %	Bench-mark[2] %	Out/Under performance %
1 month	3.79	2.09	1.70
3 months	-4.99	-1.97	-3.02
6 months	-8.48	-4.24	-4.24
FYTD	3.22	-0.65	3.87
CYTD	-10.02	-4.50	-5.52
1 year	24.03	10.25	13.78
2 years pa	15.57	8.65	6.92
3 years pa	15.40	8.68	6.72
5 years pa	14.81	8.63	6.18
7 years pa	10.55	6.92	3.64
10 years pa	16.51	9.50	7.01
Since inception pa Date: May 2007	4.15	5.17	-1.02

Top 10 Stock Holdings

Name	Fund %	Index[2] %	Tilt %
BHP	22.17	11.01	11.16
CSL	17.38	5.80	11.58
Commonwealth Bank	16.63	7.43	9.20
National Australia Bank	14.58	4.43	10.15
Macquarie Group	10.76	2.98	7.78
Santos	8.30	1.03	7.27
QBE Insurance	8.01	0.79	7.21
ANZ Bank	7.90	3.42	4.48
Lynas	7.67	0.43	7.24
OZ Minerals	6.88	0.40	6.49

Sector Tilts

Sector	Fund %	Index[2] %	Tilt %
Energy	10.13	3.70	6.43
Materials	58.11	25.01	33.10
Industrials	11.27	5.89	5.38
Consumer Discretionary	8.38	7.52	0.86
Consumer Staples	6.38	4.86	1.52
Health Care	24.54	9.41	15.13
Financials	64.92	28.45	36.47
Information Technology	13.04	4.14	8.90
Communication Services	5.37	2.63	2.74
Utilities	0.00	1.25	-1.25
Real Estate	5.84	7.14	-1.30
Cash	-107.98	0.00	-107.98
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

**Contactus@
ausbil.com.au**

ausbil