

Ausbil 130/30 Focus Fund

Quarterly performance update

March 2022

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'The March quarter witnessed some extraordinary movements across the commodities complex. We are in a resources super-cycle that is driven by long thematics around decarbonisation, renewable energy and technology-driven changes'

Performance Review

Fund performance for the quarter ending March 2022 was +2.35% (net of fees) versus the benchmark return of +2.24%, as measured by the S&P/ASX 200 Accumulation Index.

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

The largest short positions were in selected stocks within the Financials, Materials, Information Technology, Industrials and Consumer Discretionary sectors.

At a stock level, the overweight positions in BHP, IGO, Computershare, Santos, Lynas Rare Earths, Origin Energy and Alkerm contributed to relative performance. The nil position in Block also contributed value. Conversely, the overweight positions in Goodman Group, Pointsbet, Aristocrat Leisure, CSL, Praemium, IDP Education and Seek detracted from relative value. The underweight positions in Woodside Petroleum and Westpac Bank also detracted value.

Market Review

March ended but the war in Ukraine did not. Rather, it escalated as did the fallout from higher energy and commodity prices. In contrast to negative news flow the market posted a monthly gain of +6.9% (S&P/ASX 200 Accumulation Index), +2.2% for the quarter, with the 1-year return at +15.0%.

The March quarter saw more rotation towards sectors that benefit in rising inflation environments, and are beneficiaries of rising rates, including Energy (+13.1%) which was also driven by the surprise invasion of Ukraine, and Materials (+5.5%). In contrast to these, Health Care (-23.2%), Information Technology (-15.0%), Communication Services (-9.6%), Consumer Discretionary (-7.3%), and Real Estate (-5.2%) all underperformed.

The March quarter witnessed some extraordinary movements across the commodities complex. We are in a resources super-cycle that is driven by long thematics around decarbonisation, renewable energy and technology-driven changes.

Outlook

We believe the market follows earnings, in the medium to long term, though in the short term, markets can deviate from fundamentals. Australia's earnings outlook remain strong, and though rates are rising steadily, companies are still benefitting from low rates and cheap balance sheet funding.

The earnings outlook for FY22 is for growth of +14.0% (S&P/ASX 200), and +3.5% for FY23. In a number of markets such as Resources, some Financials and in some key quality leaders, Ausbil believes consensus is still underestimating earnings growth. Australia's position as a key commodity market globally, and one that whose provenance is increasingly valued on ethical sourcing, quality of materials, and reliability, is set to benefit both the economy and the equity market.

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.

Fund Characteristics

Returns¹ as at 31 March 2022

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	6.76	6.89	-0.12
3 months	2.35	2.24	0.10
6 months	4.76	4.38	0.38
FYTD	5.86	6.17	-0.31
CYTD	2.35	2.24	0.10
1 year	13.11	14.97	-1.86
2 years pa	23.69	25.72	-2.03
3 years pa	11.42	10.59	0.84
5 years pa	9.63	9.22	0.41
7 years pa	9.18	7.81	1.37
10 years pa	11.32	10.15	1.16
Since inception pa Date: July 2010	10.12	9.10	1.03

Market Exposure

	% of Fund
Long	92.36
Short	-3.59
Net	88.76

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
BHP	13.81	11.83	1.98
CSL	8.51	5.80	2.71
Commonwealth Bank	7.16	8.15	-1.00
National Australia Bank	5.76	4.74	1.02
Macquarie Group	5.67	3.31	2.36
Goodman Group	4.61	1.76	2.85
Woolworths	4.04	2.04	2.00
Computershare	3.18	0.64	2.54
Telstra	3.10	2.10	1.00
Wesfarmers	2.58	2.58	0.00

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	3.49	3.70	-0.21
Materials	23.69	25.66	-1.97
Industrials	1.69	5.58	-3.89
Consumer Discretionary	6.79	7.15	-0.36
Consumer Staples	6.61	4.76	1.85
Health Care	9.84	9.07	0.77
Financials	25.36	29.61	-4.25
Information Technology	2.19	4.05	-1.86
Communication Services	3.10	2.49	0.61
Utilities	1.74	1.29	0.45
Real Estate	4.25	6.64	-2.38
Cash	11.24	0.00	11.24
Total	100.00	100.00	0.00

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. The Ausbil 130/30 Focus Fund – wholesale class' net performance returns are available at 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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