

# Ausbil Active Dividend Income 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 thematic trends around decarbonisation, renewable energy and technology-driven changes'

## Performance Review

Fund performance for the quarter ending March 2022 was +3.74% (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 positions in the Energy, Materials and Financials sectors contributed to relative performance. The underweight positions in the Industrials, Consumer Discretionary, Information Technology and Real Estate sectors also contributed to relative value. Conversely, the overweight position in the Communication Services sector detracted from relative performance. The underweight positions in the Consumer Staples, Health Care and Utilities sectors also detracted value.

At a stock level, the overweight positions in BHP, Santos, Computershare, Sims Metal Management, South32 and IGO contributed to relative performance. The underweight positions in Westpac Bank and Wesfarmers, and nil positions in Xero and Block also contributed value. Conversely, the overweight positions in Aristocrat Leisure, Pinnacle Investment Management Group, Goodman Group, CSL, James Hardie, Fletcher Building and 29Metals detracted from relative performance. The underweight position in Rio Tinto and nil positions in Woodside Petroleum and Fortescue Metals 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 thematic trends 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

Returns<sup>1</sup> as at 31 March 2022

Period	Distribution Return <sup>2</sup> % Net	Growth Return % Net	Total Return % Net	Benchmark <sup>3</sup> %	Excess Return <sup>4</sup> % Net
1 month	0.44	6.66	7.10	6.89	0.21
3 months	1.25	2.49	3.74	2.24	1.50
6 months	3.91	2.58	6.49	4.38	2.10
FYTD	5.17	2.82	7.99	6.17	1.82
CYTD	1.25	2.49	3.74	2.24	1.50
1 year	7.19	8.10	15.30	14.97	0.32
2 years pa	7.38	19.00	26.38	25.72	0.65
3 years pa	6.26	5.44	11.70	10.59	1.10
Since inception pa Date: July 2018	6.78	4.33	11.11	9.33	1.78

## Top 10 Stock Holdings

Name	Fund %	Index <sup>3</sup> %	Tilt %
BHP	13.25	11.83	1.42
Commonwealth Bank	8.19	8.15	0.04
CSL	7.55	5.80	1.76
National Australia Bank	7.25	4.74	2.52
Macquarie Group	5.07	3.31	1.76
ANZ Bank	4.18	3.51	0.67
Santos	3.77	1.07	2.71
Telstra	3.49	2.10	1.39
Woolworths	2.78	2.04	0.74
Goodman Group	2.76	1.76	1.00

## Sector Tilts

Sector	Fund %	Index <sup>3</sup> %	Tilt %
Energy	5.21	3.70	1.51
Materials	30.02	25.66	4.35
Industrials	3.65	5.58	-1.93
Consumer Discretionary	5.68	7.15	-1.46
Consumer Staples	3.97	4.76	-0.78
Health Care	7.55	9.07	-1.52
Financials	33.55	29.61	3.94
Information Technology	0.00	4.05	-4.05
Communications Services	3.49	2.49	1.00
Utilities	1.24	1.29	-0.05
Real Estate	3.64	6.64	-3.00
Cash	1.99	0.00	1.99
<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 and exclude franking credits.
2. The 2018/2019 distribution was 92% franked. The 2019/2020 distribution was 70% franked. The 2020/2021 distribution was 71% 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 (mid) 30 June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ex-Price (mid) 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	0.35	0.35	0.35	0.35	0.35	1.15	\$1.099169	5.00	1.52	71%
FY 2022	\$1.099169	0.46	0.46	0.46	2.00	0.46	0.46	0.46	0.46	0.46							

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