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Ausbil Australian Geared Equity Fund

Monthly performance update

April 2022

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'The uncertainty in April saw the S&P/ASX 300 Accumulation Index fall by -0.8% for the month, bringing the one-year return to +10.2% at the end of April'

Performance Review

Fund performance for April 2022 was -2.42% (net of fees) versus the benchmark return of -0.84%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Ramsay Health Care, Qantas, QBE Insurance, Allkem, Santos, Worley, Webjet, CSL, Macquarie Group and Goodman Group contributed to relative performance. Conversely, the overweight positions in Lynas Rare Earths, IGO, OZ Minerals, Aristocrat Leisure, Block, IDP Education and ResMed detracted from relative performance. The underweight position in Transurban Group and the nil holdings in Fortescue Metals and Amcor also detracted value.

Market Review

Inflation concerns continued to rankle markets with no rise in rates by the RBA at their April meeting, however, at the May meeting just passed the RBA raised the official cash rate by 25 basis points to 0.35%. The uncertainty in April saw the S&P/ASX 300 Accumulation Index fall by -0.8% for the month, bringing the one-year return to +10.2% at the end of April.

In terms of sector performance, this month Utilities (+9.3%) significantly outperformed the rest of the market given the implicit hedge for inflation that they offer in regulated pricing arrangements. Consumer Staples (+3.4%) and Energy (+2.5%) also rose on the inflation outlook, with Energy also benefitting from the shock to oil, gas and condensate prices with the Invasion of Ukraine. Conversely, the rotation out of Information Technology (-9.9%) saw the sector significantly underperform the market this month.

Outlook

The war in Ukraine remains a significant risk to the world economy, and the Doppler effect in terms of economies, markets and geopolitical security remains a concern. Australia has entered the last few weeks of the federal election campaign, which typically sees people place their financial decisions on hold, including real estate, investment and other major spending until the election has run. Regardless of who takes power, we expect that Australians, who still have relatively higher levels of savings since the pandemic, to return with exuberance to lifestyle, travel and real estate spending as we head into the second part of the year.

Underpinning the Australian economy is continuing strong materials exports, including metals and soft commodities, which will benefit our terms of trade and add positively to Australian government revenue. Australia is increasingly seen as an outlier in the general negative global outlook, buoyed as a producer of energy and other commodities that are being driven by the groundswell bringing decarbonisation to the world, and the electrification of things, as we shift away from burning fossil fuels for energy and in combustion engines.

As we move beyond anticipation and into the actual tightening cycle, we expect markets to refocus on how Australian companies are faring on their earnings growth outlooks. To this end, the consensus outlook for EPS growth has firmed for FY22 and FY23. With Australia's relatively stronger economy, Ausbil expects some upside EPS growth surprises in critical sectors including Materials and Financials.

Fund Characteristics

Returns[1] as at 30 April 2022

Period	Fund Return %	Benchmark[2] %	Out/Under performance %
1 month	-2.42	-0.84	-1.58
3 months	18.60	8.22	10.38
6 months	6.63	3.36	3.27
FYTD	17.94	5.31	12.63
CYTD	2.82	1.23	1.59
1 year	26.34	10.17	16.17
2 years pa	58.72	20.40	38.32
3 years pa	18.74	9.65	9.09
5 years pa	16.09	8.98	7.11
7 years pa	13.47	8.07	5.39
10 years pa	17.75	9.87	7.88
Since inception pa Date: May 2007	5.03	5.52	-0.49

Top 10 Stock Holdings

Name	Fund %	Index[2] %	Tilt %
BHP	21.12	10.68	10.44
CSL	17.80	5.75	12.05
Commonwealth Bank	17.57	7.79	9.79
National Australia Bank	14.93	4.65	10.29
Macquarie Group	11.23	3.28	7.95
Santos	8.27	1.07	7.20
ANZ Bank	8.03	3.38	4.65
QBE Insurance	7.95	0.80	7.15
IGO	7.37	0.39	6.98
Qantas	6.83	0.46	6.37

Sector Tilts

Sector	Fund %	Index[2] %	Tilt %
Energy	11.92	3.88	8.04
Materials	56.49	24.99	31.50
Industrials	8.99	6.01	2.97
Consumer Discretionary	7.46	7.16	0.30
Consumer Staples	7.27	4.93	2.34
Health Care	25.02	9.21	15.81
Financials	67.35	29.12	38.23
Information Technology	13.46	3.87	9.59
Communication Services	4.98	2.55	2.43
Utilities	0.00	1.38	-1.38
Real Estate	5.48	6.90	-1.42
Cash	-108.42	0.00	-108.42
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.

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