

# Ausbil 130/30 Focus Fund

## Quarterly performance update

September 2022

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'We are confident that even in a slowing environment Ausbil will be able to find superior earnings and earnings growth'

### Performance Review

Fund performance for the quarter ending September 2022 was -2.03% (net of fees) versus the benchmark return of +0.39%, as measured by the S&P/ASX 200 Accumulation Index.

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

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

At a stock level, the overweight positions in IGO, South32, ResMed, CSL, Allkem, Computershare, Treasury Wine Estates and OZ Minerals contributed to relative performance. The nil position in Newcrest Mining also contributed value. Conversely, the overweight positions in APA Group, Goodman Group, Suncorp, Ampol, Carsales.com and Macquarie Group detracted from relative value. The underweight positions in Mineral Resources and Woodside Energy Group, and the nil position in Pilbara Minerals also detracted value.

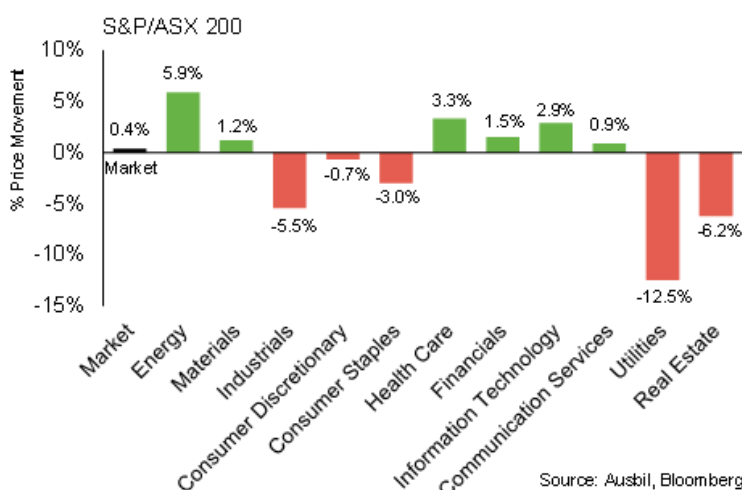
### Market Review

The September quarter has seen markets roiled by inflation and rate rises, the ASX no exception, with a 3-month return of +0.39%, a monthly return of -6.27%, and a trailing 1-year return of -7.69% (S&P/ASX 200 Accumulation Index).

Interest rates globally have continued on a hawkish tear, with central banks raising the stakes in their war on inflation with another round of solid rate rises. While FY22 reporting season showed how resilient Australian companies are, moving into FY23 and a slowing economy has markets worrying about earnings growth. Despite this, we remain confident that even in a slowing environment Ausbil will be able to find superior earnings and earnings growth.

Energy and materials stocks have been beneficiaries of elevated commodity prices, which reflected positively not only in their reported annual results, but also across the September quarter, as illustrated in the chart below. Health care, financials and information technology were a mixed bag of other positive outcomes, contrasting sharply with the negative returns in utilities and real estate.

### Sector returns – September 2022



### Fund Characteristics

#### Returns<sup>1</sup> as at 30 September 2022

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under performance %
1 month	-5.92	-6.17	0.26
3 months	-2.03	0.39	-2.42
6 months	-11.00	-11.56	0.56
1 year	-6.76	-7.69	0.93
2 years pa	9.32	9.78	-0.47
3 years pa	3.95	2.67	1.28
5 years pa	7.24	6.76	0.48
7 years pa	9.48	8.01	1.47
10 years pa	10.01	8.41	1.60
Since inception pa Date: July 2010	8.65	7.62	1.03

### Market Exposure

	% of Fund
Long	95.70
Short	-4.99
Net	90.70

### Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
BHP	11.50	10.17	1.33
CSL	9.20	7.16	2.04
Commonwealth Bank	6.57	8.07	-1.50
Telstra	4.54	2.32	2.23
Woolworths	4.15	2.15	2.00
Macquarie Group	4.11	2.89	1.21
National Australia Bank	3.57	4.77	-1.20
Woodside Energy Group	3.00	3.13	-0.13
Transurban Group	2.92	1.98	0.95
ANZ Bank	2.81	3.55	-0.74

### Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	7.07	6.20	0.86
Materials	18.60	23.16	-4.56
Industrials	4.06	6.12	-2.05
Consumer Discretionary	2.43	6.58	-4.15
Consumer Staples	8.01	5.07	2.94
Health Care	13.83	10.51	3.32
Financials	26.79	29.37	-2.58
Information Technology	1.35	3.13	-1.78
Communication Services	4.54	2.63	1.91
Utilities	1.83	1.27	0.57
Real Estate	2.18	5.96	-3.78
Cash	9.30	0.00	9.30
<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.

2. The benchmark S&P/ASX 200 Accumulation Index.

## Outlook

Market volatility and concerns around inflation and rate rises continues to rankle investors. In this low earning environment, with slowing growth from rising rates, Ausbil's view is that the market will continue to diverge on performance. Sectors that benefit in an environment of inflation and rising rates are expected to outperform. Those sectors for which inflation creates an earnings drag and dampens demand will underperform. Overall, the economy is set to play a major part in earnings growth. As noted in our economic review, Ausbil does not currently see Australia entering recession.

Across the market, quality leaders, particularly those with relatively inelastic demand and the capacity to pass on higher input costs such as commodity prices through to their customers, are also expected to deliver superior earnings growth in FY23. Our portfolio is exposed to leaders in health care and pharmaceuticals, biotechnology and life sciences, some leaders in information technology, and in select global leaders.

We are avoiding sectors that are cyclical, over-exposed to slowing economic growth, and whose earnings are adversely impacted by inflationary pressures. This includes construction, retailing, consumer discretionary and housing.

## 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](http://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](http://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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