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Ausbil Australian Geared Equity Fund

Monthly performance update

November 2022

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'Inflation and monetary policy continued to occupy the market, however the US and Australian inflationary reads supported the view that inflation may have peaked, and the market responded with vigour'

Performance Review

Fund performance for November 2022 was +10.57% (net of fees) versus the benchmark return of +6.49%, as measured by the S&P/ASX 300 Accumulation Index.

At a sector level, the overweight positions in the Energy, Materials, Financials and Communication Services sectors contributed to relative performance. The underweight positions in the Consumer Discretionary, Consumer Staples 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 and Utilities sectors also detracted value.

At a stock level, the overweight positions in OZ Minerals, Webjet, 29Metals, NextDC, BlueScope Steel and Ramsay Health Care contributed to relative performance. The nil holdings in Westpac Bank, Pilbara Minerals, Sonic Healthcare and Lendlease also contributed to relative value. Conversely, the overweight positions in Santos, Allkem, Aristocrat Leisure, IGO, National Australia Bank, Xero and ResMed detracted from relative performance. The underweight position in Rio Tinto and nil holdings in Fortescue Metals and Origin Energy also detracted value.

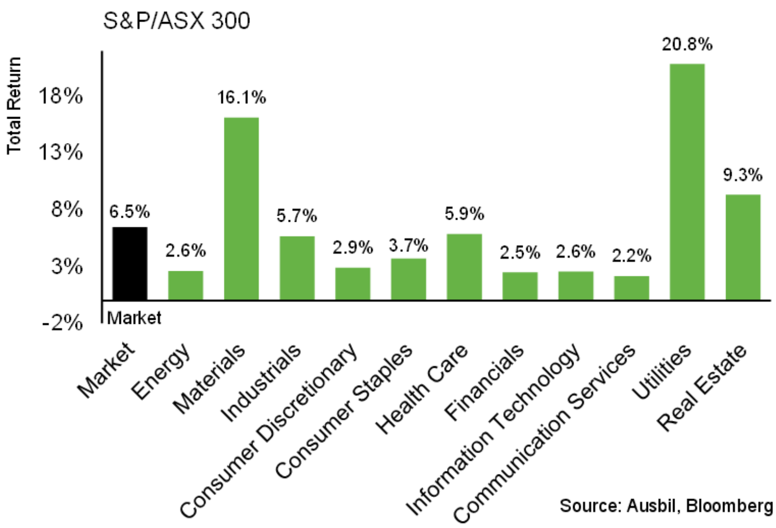
Market Review

The month of November saw the market return an impressive +6.5%, bringing the trailing 1-year return to +4.3% (S&P/ASX 300 Accumulation Index).

Inflation and monetary policy continued to occupy the market, however the US and Australian inflationary reads supported the view that inflation may have peaked, and the market responded with vigour. Coupled with positive news from China on COVID and potential reopening, the market rallied in November, adding another 6.5% to the 6.0% rally in October.

The strong return generated in markets this month was underpinned by positive performances across all sectors, as illustrated in the chart below. The rebound in commodity and energy markets was particularly strong with China reopening moves, and real estate benefitted from an outlook of more tempered rate rises. Utilities also enjoyed a solid month as renewed M&A activity surfaced with a Brookfield-led consortium making an offer for Origin Energy.

Sector returns – November 2022



Source: Ausbil, Bloomberg

Fund Characteristics

Returns[1] as at 30 November 2022

Period	Fund Return %	Bench-mark[2] %	Out/Under performance %
1 month	10.57	6.49	4.08
3 months	9.43	5.74	3.69
6 months	3.78	3.19	0.59
1 year	8.38	4.27	4.11
2 years pa	27.34	9.99	17.35
3 years pa	10.42	5.97	4.44
5 years pa	14.06	8.22	5.84
7 years pa	16.52	9.38	7.14
10 years pa	17.12	9.34	7.78
15 years pa	4.32	5.07	-0.75
Since inception pa Date: May 2007	4.83	5.33	-0.50

Top 10 Stock Holdings

Name	Fund %	Index[2] %	Tilt %
BHP	18.92	10.38	8.54
CSL	17.75	6.51	11.24
Commonwealth Bank	15.93	8.29	7.64
National Australia Bank	12.35	4.51	7.84
Macquarie Group	8.37	2.92	5.44
Santos	6.78	1.12	5.66
OZ Minerals	6.59	0.41	6.17
QBE Insurance	6.26	0.86	5.40
Qantas	6.23	0.53	5.70
ANZ Bank	6.01	3.33	2.68

Sector Tilts

Sector	Fund %	Index[2] %	Tilt %
Energy	14.03	6.13	7.91
Materials	50.26	23.71	26.56
Industrials	7.01	6.43	0.58
Consumer Discretionary	7.79	6.75	1.04
Consumer Staples	8.37	4.61	3.76
Health Care	24.23	9.98	14.25
Financials	55.72	29.11	26.61
Information Technology	12.20	3.37	8.82
Communication Services	4.86	2.41	2.44
Utilities	0.00	1.42	-1.42
Real Estate	4.22	6.09	-1.87
Cash	-88.68	0.00	-88.68
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.

Outlook

Ausbil remains positive on the outlook in key metals given low levels of inventory, support from ongoing economic growth in China, and from the long structural themes of decarbonisation, renewable energy and energy security, and technology-driven changes in how we live, such as the electrification-of-things, and the shift to electric vehicles.

We also expect banks and general insurers to show good earnings growth in FY23. Amidst these are quality leaders with demonstrated earnings growth and reliability across the cycle, including in low growth environments across a diverse range of sectors.

At the moment, our portfolio is exposed to health care and pharmaceuticals, biotechnology and life sciences, information technology, transport, 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.

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