

Ausbil Australian Geared Equity Fund

Monthly performance update

January 2023

Ausbil Investment Management Limited
 ABN 26 076 316 473
 AFSL 229722
 Level 27
 225 George Street
 Sydney NSW 2000
 GPO Box 2525
 Sydney NSW 2001
 Phone 61 2 9259 0200

'With the 2023 half-year reporting season underway, we will see how the recent rise in inflation and rates has impacted company earnings'

Performance Review

Fund performance for January 2023 was +13.52% (net of fees) versus the benchmark return of +6.29%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Lynas Rare Earths, Block, Allkem, Goodman Group, IDP Education, BlueScope Steel, Macquarie Group, Seek and James Hardie contributed to relative performance. Not holding Westpac Bank also contributed to relative value. Conversely, the overweight positions in OZ Minerals, Computershare, Santos, QBE Insurance, CSL and Worley detracted from relative performance. The nil holdings in Pilbara Minerals, South32, Mineral Resources and WiseTech Global also detracted value.

Market Review

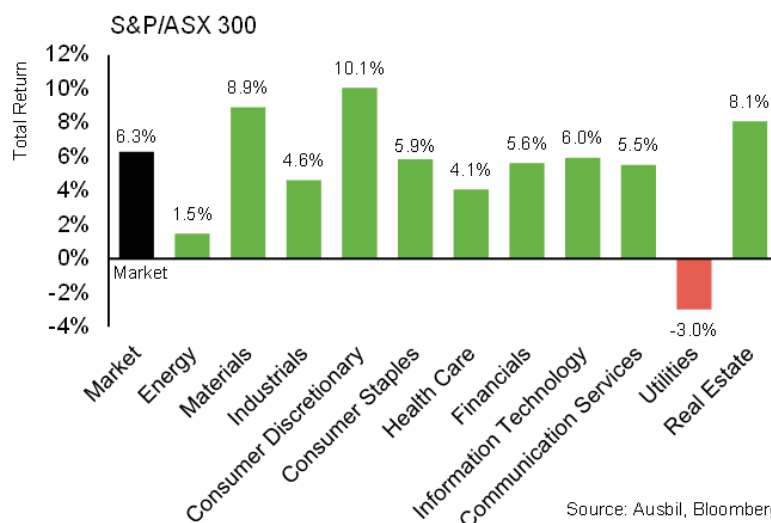
January saw the market return +6.3% (S&P/ASX 300 Accumulation Index), bringing the trailing market 1-year return to +11.6%.

While inflation seemed to peak at the end of 2022, the headline December quarter read of 7.8%, up from the September quarter read of 7.3%, reinforced the view that the tightening cycle had a little further to run. January markets shrugged off the number, presumably as there is a general view that it will not significantly change the terminal path of official rates during this tightening cycle.

Though inflation remains a watching brief at Ausbil, and has been since the start of 2021, we believe markets and consumers are adjusting to the new level of rates. With the February half-year 2023 reporting season underway, we will see how the recent rise in inflation and rates has impacted company balance sheets and earnings statements.

Market enthusiasm for a new year, with a sense that rate rises would soon come to a hold saw all sectors but utilities rise together, as shown in the chart below.

Sector returns – January 2023



Source: Ausbil, Bloomberg

Fund Characteristics

Returns¹ as at 31 January 2023

Period	Fund Return %	Benchmark ² %	Out/Under performance %
1 month	13.52	6.29	7.23
3 months	15.63	9.46	6.17
6 months	22.58	9.97	12.62
1 year	23.82	11.61	12.20
2 years pa	26.78	10.60	16.18
3 years pa	10.46	5.98	4.48
5 years pa	13.90	8.50	5.40
7 years pa	18.54	10.27	8.27
10 years pa	15.48	8.75	6.73
15 years pa	6.86	6.27	0.58
Since inception pa Date: May 2007	5.07	5.46	-0.38

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
BHP	20.87	10.99	9.88
CSL	17.47	6.31	11.16
Commonwealth Bank	15.90	8.19	7.71
National Australia Bank	12.18	4.40	7.78
Macquarie Group	8.53	2.99	5.55
Santos	6.36	1.04	5.32
ANZ Bank	5.86	3.30	2.56
QBE Insurance	5.62	0.90	4.72
Lynas	5.48	0.37	5.10
Goodman Group	5.34	1.50	3.84

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	13.45	5.81	7.64
Materials	53.46	24.94	28.52
Industrials	4.90	6.21	-1.31
Consumer Discretionary	8.05	6.72	1.33
Consumer Staples	8.54	4.71	3.84
Health Care	24.02	9.71	14.32
Financials	54.16	28.70	25.46
Information Technology	13.35	3.34	10.01
Communication Services	5.02	2.42	2.60
Utilities	0.00	1.31	-1.31
Real Estate	5.34	6.13	-0.79
Cash	-90.30	0.00	-90.30
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.

[Subscribe to our monthly updates here](#)

Outlook

Reporting season will show how companies have weathered the storm of rising rates and inflation. We are optimistic about how they have fared. We think earnings growth will be harder to come by this year at a market level, though we see a number of sectors and quality leaders still capable of delivering superior earnings growth in a slowing economy.

We have clearly entered a period of slowing growth. However, given the relative strength of the Australian economy, the demand for our resources, low unemployment, and the current strength in the job market, Ausbil does not currently see Australia entering recession.

Given the inflationary environment, we are still invested in resource companies generally (including energy and gold), general insurers and select diversified financials that are expected to deliver positive earnings growth again in FY23, some delivering upward earnings revisions yet to be recognised in the consensus outlook. Quality leaders across the market, particularly those with relatively inelastic demand and the capacity to pass on inflationary rate costs are also expected to deliver superior earnings growth in FY23.

Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil Australian Geared Equity Fund (ARSN 124 196 407) (Fund). This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at www.ausbil.com.au and the target market determination which is available at <https://www.ausbil.com.au/invest-with-us/design-and-distribution-obligations/fund-tmds> before acquiring or investing in the fund.

Contactus@
ausbil.com.au

ausbil
Strength. Wisdom. Agility.

