

Ausbil Australian Geared Equity Fund

Quarterly performance update

September 2020

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
Fax 61 2 9259 0222

'Moving beyond FY 2020 reporting season, investors are now looking critically towards catalysts for upward earnings revisions across the market'

Performance Review

Fund performance for the quarter ending September 2020 was +3.49% (net of fees) versus the benchmark return of -0.06%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Afterpay, OZ Minerals, Aristocrat Leisure, Goodman Group, NextDC, Super Retail Group and Qantas contributed to relative performance. The nil positions in Woodside Petroleum, The a2 Milk Company and Insurance Australia Group also added value in September. Conversely, the overweight positions in AMP, Lendlease, Santos, IGO, National Australia Bank and Saracen Mineral Holdings detracted from relative performance. The nil holdings in Fortescue Metals, James Hardie, Xero and ALS also detracted value.

Market Review

Over the September quarter, the world's major equity markets largely delivered positive returns except for the UK, Hong Kong, Singapore and Australia. Global developed market equities returned 7.0% (MSCI World Index) while global emerging market equities returned 9.6% (MSCI Emerging Markets Index). US equities were a highlight for the quarter, delivering a return of +8.9% (S&P 500). Australia's S&P/ASX 300 Accumulation Index returned a loss of -0.1%, underperforming both developed and emerging markets.

Australia, in contrast to effervescent but volatile global equity markets this quarter, saw the three main indices slip into low negative returns, with the S&P/ASX 300 returning -0.1%, the S&P/ASX 200 returning -0.4%, and the S&P/ASX 100 returning -0.8%. Micro-cap stocks, in stark contrast to large caps, returned +21.3% (S&P/ASX Emerging Companies). The S&P/ASX MidCap 50 returned +5.2% for the quarter, boosted by emerging technology, gold miners and e-commerce enabled stocks, and small-cap stocks (S&P/ASX Small Ordinaries Index) returned +5.7%.

Outlook

Moving beyond FY 2020 reporting season, investors are now looking critically towards catalysts for upward earnings revisions across the market with the hope that steady improvement in the economy will aid a return to earnings growth. In March 2020, the Australian government deferred the Federal Budget for 2020/21 to 6 October given the extraordinary circumstances of the unfolding of the pandemic. This has allowed the government to focus primarily on stimulus, and given them time to assess in more detail the budgetary impacts on Australia's economy. On Tuesday, 6 October, the government announced additional stimulus initiatives which are expected to provide further support for economic recovery in Australia. There is hope around a vaccine for COVID-19 in the Oxford University / AstraZeneca trial, and others. World governments have contracted for bulk purchases of a vaccine once one is successfully cleared, including the Australian government. September saw some concerning resurgence in the US in the rate of new cases from recent lows, which has taken some of the enthusiasm out of the vaccine trade at this point in time.

Fund Characteristics

Returns¹ as at 30 September 2020

Period	Fund Return %	Bench-mark ² %	Out/Under performance %
1 month	-7.15	3.30	-3.55
3 months	3.49	-0.06	3.54
6 months	39.25	16.73	22.52
FYTD	3.49	-0.06	3.54
CYTD	-33.75	-10.60	-23.15
1 year	-32.72	-9.96	-22.76
3 years pa	1.30	4.94	-3.65
5 years pa	8.14	7.42	0.72
7 years pa	5.94	5.98	-0.04
10 years pa	7.43	6.85	0.57
Since inception pa Date: May 2007	-0.16	3.81	-3.97

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
CSL	18.65	7.78	10.86
BHP	17.57	6.26	11.31
Commonwealth Bank	14.83	6.72	8.11
National Australia Bank	11.78	3.49	8.29
Macquarie Group	7.32	2.43	4.89
Afterpay	7.19	1.10	6.09
Aristocrat Leisure	7.14	1.14	6.00
ANZ Bank	7.11	2.92	4.20
QBE Insurance	6.86	0.76	6.10
Westpac Bank	6.65	3.63	3.02

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	6.02	3.30	2.72
Materials	46.82	19.94	26.88
Industrials	18.71	8.25	10.46
Consumer Discretionary	10.24	8.24	2.00
Consumer Staples	5.87	6.27	-0.40
Health Care	28.67	12.16	16.51
Financials	54.56	25.28	29.27
Information Technology	11.71	5.05	6.66
Communication Services	4.32	2.65	1.67
Utilities	0.00	1.65	-1.65
Real Estate	14.06	7.19	6.87
Cash	-100.98	0.00	-100.98
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.



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 before acquiring or investing in the fund. Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. Further information is available at www.msci.com.

A short notice on the COVID-19 public health event, and how it can impact investments

Given the currently evolving issues around the Coronavirus (or Covid-19) globally, which has officially been designated a pandemic by the World Health Organisation, we wish to notify that, as with many firms, business may be disrupted. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or Covid-19) in Australia, Italy, China, South Korea, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact investment returns in any of Ausbil Investment Management Limited's registered managed investment schemes (the Funds). Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, an inability on behalf of authorities to contain this pandemic) may adversely impact any investment, including by delaying or causing supply chain disruptions or by causing staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to any investment or fund performance.