

Ausbil Active Sustainable Equity Fund

Quarterly performance update

June 2021

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

'Markets are riding the strong multi-year outlook for earnings driven by the economic growth cycle'

Performance Review

Fund performance for the quarter ending June 2021 was +7.61% (net of fees), versus the benchmark return of +8.29%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Galaxy Resources, Mineral Resources, Orocobre, IGO, Telstra, Domain, Charter Hall Group, Afterpay and Cleanaway Waste Management added to relative performance. The nil position in Woodside Petroleum also added value. Conversely, the overweight positions in Costa Group, Webjet, Lynas Rare Earths, Qantas, Ramsay Health Care, The a2 Milk Company, Fisher & Paykel Healthcare and OZ Minerals detracted from relative performance. The nil positions in Aristocrat Leisure and Elders also detracted value.

ESG Review

In June, Ausbil submitted its inaugural Modern Slavery Act Statement, outlining how Ausbil identifies risks in the investment portfolio and how Ausbil engages with companies with the view to combat modern slavery. The statement is also available on Ausbil's website. Modern slavery and human rights have been a key ESG engagement theme for many years at Ausbil. Ausbil is on a panel of experts advising the Australian Border Force in terms of effective implementation of the act.

We had a number of company meetings where ESG issues were discussed. For instance, Ausbil provided feedback to Santos on their climate change report and discussed climate change scenario analysis. We participated in BHP's briefing on tailings risk management. The Fund does not hold either of these two stocks, however. Ausbil also met with Suncorp on staff engagement. We met with BlueScope Steels' chairman about board composition, executive remuneration, climate change and capital management, and we had a dedicated ESG meeting with IGO as part of their annual ESG roadshow, where we discussed a wide range of topics, including emissions reduction initiatives, cultural heritage, safety and responses to the pandemic.

Outlook

As 30 June closes the Australian financial year, a look back at performance across markets and commodities illustrates the power of the rebound we have experienced, even as the virus remains an overhanging risk. Markets are riding the strong multi-year outlook for earnings driven by the economic growth cycle. Massive stimulus and monetary support since the pandemic has seen the Australian economy rebound from the two-quarter technical recession (with pandemic contraction of -2.4% in 2020) towards a consensus growth outlook for 2021 of 4.9%, and an Ausbil forecast of 5.1%. The consensus earnings outlook for both indices is only now starting to catch-up, with the EPS growth outlook for 2021 now at +24.6%, and +15.9% for 2022.

We still think that the market is under-estimating the rebound in earnings that will occur in the prevailing economic conditions, with low rates, and world economic growth a strong tailwind.

Fund Characteristics

Returns¹ as at 30 June 2021

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	1.97	2.26	-0.29
3 months	7.61	8.29	-0.68
6 months	9.07	12.90	-3.82
FYTD	32.41	27.80	4.61
CYTD	9.07	12.90	-3.82
1 year	32.41	27.80	4.61
2 years pa	15.65	8.62	7.03
3 years pa	13.15	9.59	3.56
Since inception pa	13.14	9.87	3.27

Date: 31 Jan 2018

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Commonwealth Bank	9.07	8.63	0.43
CSL	7.49	6.33	1.16
National Australia Bank	5.56	4.21	1.34
ANZ Bank	5.24	3.90	1.33
Westpac Bank	4.97	4.61	0.36
Macquarie Group	4.00	2.59	1.41
Telstra	3.67	2.18	1.49
Woolworths	3.58	2.36	1.22
Goodman Group	3.19	1.73	1.46
Afterpay	3.04	1.37	1.68

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	3.41	-3.41
Materials	17.13	20.29	-3.16
Industrials	9.14	7.22	1.93
Consumer Discretionary	1.67	8.42	-6.76
Consumer Staples	6.46	5.18	1.28
Health Care	12.40	10.15	2.25
Financials	35.39	30.02	5.38
Information Technology	8.13	4.96	3.17
Communication Services	3.67	2.58	1.09
Utilities	0.00	1.11	-1.11
Real Estate	4.77	6.67	-1.90
Cash	1.23	0.00	1.23
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes.

2. The benchmark is S&P/ASX 200 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 Active Sustainable Equity Fund (ARSN 623 141 784) (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.