

Ausbil Active Sustainable Equity Fund

Quarterly performance update

September 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

'Ausbil's outlook for equities remains positive, driven by the ongoing economic recovery and an eventual return to trend growth'

Performance Review

Fund performance for the quarter ending September 2021 was +6.90% (net of fees) versus the benchmark return of +1.71%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Orocobre, Webjet, IGO, Downer, IDP Education and Lynas Rare Earths added to relative performance. Not holding BHP, Galaxy Resources, Fortescue Metals and Rio Tinto also added to relative performance. Conversely, the overweight positions in Mineral Resources, Xero and CSR detracted from relative performance. The nil positions in Sydney Airport, WiseTech Global, Qantas, South32, Domino's Pizza, Aristocrat Leisure and Woodside Petroleum also detracted from relative performance.

ESG Review

During the month of September, Ausbil continued its engagement on modern slavery. For instance, Ausbil represented RIAA's Human Rights Working Group as the investor representative at the Australian National Contact Point (AusNCP) peer review meeting for business representatives, which also included representatives from the OECD, AusNCP, The Australian Law Council and others. The AusNCP is responsible for promoting the OECD guidelines for multinational enterprises and provides services to resolve complaints against multinational companies. Ausbil was also a guest presenter at the Intergovernmental Network on Modern Slavery in Public Procurement event. This network is a coalition of Australian state and federal government entities working together on modern slavery risk management. Given the key role the government has as the country's biggest procurer, and as an example for others, this is an important engagement which can have significant spill-over effects into other sectors. Ausbil also continued our involvement in the investor initiative Investors Against Slavery and Trafficking – Asia Pacific, which is engaging with ASX 200 companies on modern slavery and encouraging companies to go over and beyond legal compliance with the Modern Slavery Act. Ausbil is also the chair of the RIAA Human Rights Working Group which met in September to work on a new investor toolkit that focuses on first nations people.

Outlook

Ausbil's outlook for equities remains positive, driven by the ongoing economic recovery and an eventual return to trend growth. Following reporting season, while companies were hesitant to guide on FY22 given lockdowns, a lead indicator for sustainable earnings growth was the bullish investment plans from management for beyond COVID as the economy normalises. Given the rapid progress on vaccines, we believe earnings growth is likely to surprise again in FY22 as the economy reopens following lockdowns. Our view is that FY23 earnings expectations will also be positive, with growth driven by a very strong post-Delta variant bounce-back, which will be evident in the final months of this calendar year, and will have duration into FY23. We remain invested to capture these opportunities as vaccination targets are achieved and the economy can recommence its path towards normalcy releasing pent-up consumer demand.

Fund Characteristics

Returns¹ as at 30 September 2021

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	-1.19	-1.85	0.66
3 months	6.90	1.71	5.19
6 months	15.04	10.14	4.90
FYTD	6.90	1.71	5.19
CYTD	16.60	14.83	1.78
1 year	35.98	30.56	5.42
2 years pa	17.42	8.27	9.14
3 years pa	14.77	9.65	5.12
Since inception pa Date: 31 Jan 2018	14.25	9.67	4.58

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Commonwealth Bank	8.88	8.92	-0.03
CSL	7.49	6.43	1.06
National Australia Bank	5.56	4.42	1.14
ANZ Bank	4.28	3.86	0.42
Macquarie Group	4.24	3.04	1.20
Westpac Bank	4.06	4.59	-0.53
Woolworths	3.65	2.40	1.24
Telstra	3.50	2.25	1.25
Orocobre	3.19	0.25	2.94
Computershare	2.99	0.50	2.49

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	3.23	-3.23
Materials	15.29	17.20	-1.91
Industrials	9.20	7.67	1.54
Consumer Discretionary	5.01	8.54	-3.52
Consumer Staples	5.19	5.27	-0.08
Health Care	11.87	10.31	1.55
Financials	33.51	31.28	2.23
Information Technology	11.20	5.40	5.80
Communication Services	3.50	2.69	0.81
Utilities	0.00	1.54	-1.54
Real Estate	4.30	6.87	-2.56
Cash	0.92	0.00	0.92
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.

SUSTAINABILITY MEETS OPPORTUNITY

AUSBIL ACTIVE SUSTAINABLE EQUITY FUND provides exposure to companies with a sustainable approach, satisfying a range of environmental, social and corporate governance considerations. **Invest today with tomorrow in mind.**

Ausbil Active Sustainable Equity Fund as at 30/09/2021	3 months	6 months	1 year	2 year (pa)	3 year (pa)	Since inception (pa) ¹
Portfolio	6.90%	15.04%	35.98%	17.42%	14.77%	14.25%
Benchmark ²	1.71%	10.14%	30.56%	8.27%	9.65%	9.67%
XS Ret	5.19%	4.90%	5.42%	9.14%	5.12%	4.58%

1. Inception Date: 31 January 2018 2. Benchmark: S&P/ASX 200 Accumulation Index

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Strength. Wisdom. Agility.

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

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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.