

Ausbil Active Sustainable Equity Fund

Quarterly performance update

December 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

'Unless something material changes in terms of clinical findings on Omicron, we continue to look through this noise at the path of the economy post-lockdown'

Performance Review

Fund performance for the quarter ending December 2021 was +2.69% (net of fees) versus the benchmark return +2.09%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Lynas Rare Earths, IGO, Allkem, OZ Minerals, Mineral Resources, Altium, Macquarie Group, Goodman Group, Charter Hall Group and Computershare added to relative performance. Conversely, the overweight positions in Webjet, Virgin Money UK, Afterpay, IAG, Qantas, Suncorp Group, The a2 Milk Company and Downer Group detracted from relative performance. Not holding BHP and Wesfarmers detracted from relative performance.

ESG Review

December saw the end of the AGM proxy season. It also saw a flurry of company engagement meetings for Ausbil in the last weeks of 2021. All the major banks faced climate-change related shareholder resolutions in 2021, with a focus on how banks will manage the transition in line with the Paris Agreement. Ausbil has engaged with the major banks on the topic and, in December, we participated in ANZ's sustainability briefing, which focused on how ANZ sees its role in the decarbonisation process. Ausbil met with AMP's management to discuss the cultural transformation and staff engagement there, and we had a meeting with Johns Lyng Group to discuss opportunities for the company to benefit from increased rebuild and property repositioning for extreme weather events, including those relating to climate change. Ausbil also held a dedicated meeting with Transurban Group on modern slavery and responsible sourcing where we discussed a number of practical ideas. Many of these ideas come from an updated version of an [investor toolkit on human rights](#) which Ausbil co-authored through the Human Rights Working Group of RIAA (Responsible Investment Association Australasia), which Ausbil also chairs. On the same topic, Ausbil presented at a SEDEX – JANX conference as part of a panel discussing the importance of the 'S' in ESG to investors. The audience included a broad range of companies from Australia, New Zealand and Asia.

Outlook

As we enter 2022, after two years of COVID madness, the rapid outbreak with Omicron, considered to be less virulent in symptoms though more infectious, it feels like we have reached a turning point in this one-in-one-hundred-years pandemic event. Immunologists are discussing the place of Omicron in the eventual path to herd immunity and the virus eventually mutating into just another flu. Despite spikes in infections, governments are beyond hesitant to return to lockdowns. Rather, there has been a wholehearted push for the public to normalise, shop, dine, entertain and mingle, provided precautions are taken.

Unless something material changes in terms of clinical findings on Omicron, we continue to look through this noise at the path of the economy post-lockdown. Ausbil expects two exceptional quarters for growth, followed by above-trend growth throughout 2022 and leading into 2023. However, risks remain but we are monitoring them closely as always to ensure the right portfolio settings.

Fund Characteristics

Returns¹ as at 31 December 2021

| Period | Fund Return ¹ % | Bench- mark ² % | Out/Under performance % |
|---|-------------------------------|----------------------------------|-------------------------------|
| 1 month | 2.77 | 2.75 | 0.02 |
| 3 months | 2.69 | 2.09 | 0.60 |
| 6 months | 9.78 | 3.84 | 5.94 |
| FYTD | 9.78 | 3.84 | 5.94 |
| CYTD | 19.74 | 17.23 | 2.51 |
| 1 year | 19.74 | 17.23 | 2.51 |
| 2 years pa | 17.91 | 9.03 | 8.88 |
| 3 years pa | 21.09 | 13.62 | 7.47 |
| Since inception pa Date: 31 Jan 2018 | 14.05 | 9.60 | 4.45 |

Top 10 Stock Holdings

| Name | Fund % | Index ² % | Tilt % |
|-------------------------|-----------|-------------------------|-----------|
| Commonwealth Bank | 9.33 | 8.13 | 1.19 |
| CSL | 8.73 | 6.57 | 2.16 |
| Macquarie Group | 5.92 | 3.43 | 2.49 |
| National Australia Bank | 5.92 | 4.47 | 1.45 |
| ANZ Bank | 5.14 | 3.66 | 1.47 |
| Goodman Group | 3.89 | 2.13 | 1.76 |
| Telstra | 3.69 | 2.35 | 1.34 |
| Woolworths | 3.37 | 2.17 | 1.19 |
| Allkem | 3.17 | 0.29 | 2.88 |
| Computershare | 3.02 | 0.54 | 2.48 |

Sector Tilts

| Sector | Fund % | Index ² % | Tilt % |
|------------------------|---------------|-------------------------|-------------|
| Energy | 0.00 | 3.07 | -3.07 |
| Materials | 16.44 | 19.22 | -2.77 |
| Industrials | 8.44 | 7.15 | 1.29 |
| Consumer Discretionary | 3.01 | 8.31 | -5.29 |
| Consumer Staples | 4.59 | 5.04 | -0.44 |
| Health Care | 13.35 | 10.56 | 2.79 |
| Financials | 34.81 | 29.96 | 4.85 |
| Information Technology | 10.16 | 5.15 | 5.01 |
| Communication Services | 3.69 | 2.78 | 0.91 |
| Utilities | 0.00 | 1.42 | -1.42 |
| Real Estate | 5.09 | 7.35 | -2.26 |
| Cash | 0.41 | 0.00 | 0.41 |
| 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 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. 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.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Ausbil Active Sustainable Equity Fund adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Ausbil Active Sustainable Equity Fund's methodology, performance and stock holdings can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA.¹

1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.