

Ausbil Active Sustainable Equity Fund

Monthly performance update

April 2022

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'In April, Ausbil presented at the RI 2022 Conference (Responsible Investment Association Australasia) about investor perspectives on modern slavery'

Performance Review

Fund performance for April 2022 was -0.81% (net of fees) versus the benchmark return -0.85%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Allkem, Webjet, Goodman Group, Qantas, Computershare, Fortescue Metals and Suncorp added to relative performance. Not holding BHP, Rio Tinto and Aristocrat Leisure contributed to relative performance. Conversely, the overweight positions in Block, IDP Education, Lynas Rare Earths, Ramsay Health Care, IGO, ResMed, OZ Minerals and Seek detracted from relative performance. Not holding Transurban Group and Domain detracted from relative performance.

ESG Review

In April, Ausbil presented at the RI 2022 Conference (Responsible Investment Association Australasia) about investor perspectives on modern slavery. Ausbil was on a panel together with Transurban, Elevate and Pillar Two. Some of the key messages from Ausbil's presentation were: encouraging investors to get involved in the review of the Modern Slavery Act; to focus more on 'actions' rather than disclosure and compliance; to engage with impact through targeted, well thought out and consultative engagement; and to ensure risk assessments cover broader human rights issues rather than focusing on modern slavery alone. The conference is one of the major ESG events in Australia and was well attended, focusing on current and emerging ESG trends and issues. This year, there was increased focus on first nations peoples, disability issues and biodiversity. The conference also discussed the various regulatory developments overseas and how they might transpire in an Australian context in the future.

Outlook

The war in Ukraine remains a significant risk to the world economy, and the Doppler effect in terms of economies, markets and geopolitical security remains a concern. Australia has entered the last few weeks of the federal election campaign, which typically sees people place their financial decisions on hold, including real estate, investment and other major spending until the election has run. Regardless of who takes power, we expect that Australians, who still have relatively higher levels of savings since the pandemic, to return with exuberance to lifestyle, travel and real estate spending as we head into the second part of the year.

Underpinning the Australian economy is continuing strong materials exports, including metals and soft commodities, which will benefit our terms of trade and add positively to Australian government revenue. Australia is increasingly seen as an outlier in the general negative global outlook, buoyed as a producer of energy and other commodities that are being driven by the groundswell bringing decarbonisation to the world, and the electrification of things, as we shift away from burning fossil fuels for energy and in combustion engines.

As we move beyond anticipation and into the actual tightening cycle, we expect markets to refocus on how Australian companies are faring on their earnings growth outlooks. To this end, the consensus outlook for EPS growth has firmed for FY22 and FY23. With Australia's relatively stronger economy, Ausbil expects some upside EPS growth surprises in critical sectors including Materials and Financials.

Fund Characteristics

Returns¹ as at 30 April 2022

Period	Fund Return ¹ %	Bench-mark ² %	Out/Under performance %
1 month	-0.81	-0.85	0.04
3 months	6.65	8.24	-1.60
6 months	-0.90	3.59	-4.49
FYTD	6.87	5.26	1.60
CYTD	-2.66	1.37	-4.03
1 year	8.50	10.16	-1.66
2 years pa	24.93	20.02	4.91
3 years pa	14.19	9.42	4.77
4 years pa	12.65	9.66	2.99
Since inception pa Date: 31 Jan 2018	12.18	9.17	3.01

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Commonwealth Bank	9.05	8.07	0.98
CSL	8.43	5.96	2.47
National Australia Bank	6.75	4.82	1.93
Macquarie Group	5.88	3.40	2.48
ANZ Bank	4.73	3.50	1.23
Goodman Group	4.45	1.86	2.59
Computershare	4.18	0.66	3.52
Woolworths	4.07	2.13	1.95
Fortescue Metals	3.63	1.67	1.97
Allkem	3.58	0.33	3.25

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	3.82	-3.82
Materials	15.89	24.71	-8.82
Industrials	7.11	5.80	1.31
Consumer Discretionary	2.55	6.95	-4.40
Consumer Staples	4.07	4.95	-0.88
Health Care	14.55	9.36	5.19
Financials	36.66	29.89	6.77
Information Technology	10.90	3.68	7.22
Communication Services	2.70	2.55	0.15
Utilities	0.00	1.43	-1.43
Real Estate	4.45	6.85	-2.40
Cash	1.12	0.00	1.12
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.

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