

# Ausbil Active Sustainable Equity Fund

Quarterly performance update

June 2022

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'Ausbil co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis, which calls on governments to act on climate change'

## Performance Review

Fund performance for the quarter ending June 2022 was -14.71% (net of fees), versus the benchmark return of -11.90%, 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 Industrials sectors contributed to relative performance. The underweight positions in the Consumer Discretionary, Materials and Real Estate sectors also added value. Conversely, the overweight positions in the Communication Services, Financials and Information Technology sectors detracted from relative performance. The underweight positions in the Consumer Staples, Energy and Utilities sectors also detracted value.

At a stock level, the overweight positions in Computershare, CSL, Suncorp, Webjet, Insurance Australia Group and Woolworths added to relative performance. The nil positions in Westpac Bank, Northern Star Resources, Wesfarmers and Evolution Mining also added value. Conversely, the overweight positions in Block, IGO, IDP Education, Seek, OZ Minerals, Johns Lyng Group, Goodman Group, Virgin Money UK and Xero detracted from relative performance. The nil position in Woodside Energy also detracted value.

## ESG Review

Ausbil co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis, which calls on governments to act on climate change. This follows similar statements in recent years that Ausbil has signed. The statement acknowledges that COP26 was a major step forward but that much more is needed if governments are to meet the 1.5 degree goal to avoid the worst impacts of climate change. Specifically, the statement calls on governments to ensure the NDCs are aligned with 1.5 degrees, implementation of domestic policies and taking early action, contribute to the reduction in non-CO2 emissions (and support the Global Methane Pledge), build on the outcomes of COP26 and strengthen disclosures across the financial system.

Ausbil continued work on modern slavery by chairing the second RIAA Human Rights Group Meeting of 2022 which included guest speakers on the International Humanitarian Law, and we co-chaired a meeting with IAST-APAC's members of work stream 1 exploring different choices and ideas for the upcoming official review of the Modern Slavery Act. This working group meeting also included a presentation by Professor John McMillan who is leading the review. Ausbil also participated in a group meeting as part of the Modern Slavery Experts Advisory Group planning ahead for the next Modern Slavery conference in Q3 2022.

## Outlook

The Australian tax year has closed. With one month to go until reporting season, there is much anticipation around earnings growth and how companies are managing rising costs, inflation, interest rates, an energy shock and a new government. We do not expect to see major impacts from these in this round of reporting, with EPS growth expected by Ausbil to exceed +25% for FY22. Ausbil believes the conditions for ongoing positive earnings growth are also in place for FY23, though at a slower pace than this financial year, and potentially across a more defensive sector allocation. The key issue we are monitoring is the path for growth. We have seen a lot of commentary recently on the potential for a recession, and while we remain of the view that a recession is unlikely, and that monetary policy makers will err on the side of caution if signs point to contraction, this outcome does remain an elevated risk. Our current outlook for growth remains positive, although there is potential for growth to fall below trend for some time with the renewed supply shock from the invasion of Ukraine.

## Fund Characteristics

Returns<sup>1</sup> as at 30 June 2022

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under performance %
1 month	-9.46	-8.77	-0.69
3 months	-14.71	-11.90	-2.81
6 months	-16.30	-9.93	-6.37
FYTD	-8.11	-6.47	-1.64
CYTD	-16.30	-9.93	-6.37
1 year	-8.11	-6.47	-1.64
2 years pa	10.31	9.33	0.98
3 years pa	7.12	3.34	3.78
4 years pa	7.41	5.33	2.08
Since inception pa Date: 31 Jan 2018	7.93	5.93	2.00

## Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
CSL	9.54	6.69	2.85
Commonwealth Bank	9.16	7.96	1.20
National Australia Bank	6.79	4.55	2.25
Macquarie Group	5.19	3.06	2.13
Computershare	4.41	0.73	3.68
Woolworths	4.21	2.23	1.98
Goodman Group	3.93	1.57	2.36
Transurban Group	3.76	2.28	1.48
ANZ Bank	3.57	3.18	0.40
Allkem	3.31	0.32	2.99

## Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	0.00	5.83	-5.83
Materials	13.03	23.60	-10.57
Industrials	9.98	6.14	3.83
Consumer Discretionary	2.35	6.60	-4.25
Consumer Staples	4.21	5.26	-1.05
Health Care	16.54	10.17	6.37
Financials	36.14	28.83	7.31
Information Technology	9.50	3.06	6.44
Communication Services	3.04	2.74	0.30
Utilities	0.00	1.49	-1.49
Real Estate	3.93	6.27	-2.34
Cash	1.28	0.00	1.28
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

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

2. The benchmark is S&P/ASX 200 Accumulation Index.

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