

Ausbil Active Sustainable Equity Fund

Monthly performance update

July 2022

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Performance Review

Fund performance for July 2022 was +7.72% (net of fees) versus the benchmark return +5.75%, as measured by the S&P/ASX 200 Accumulation Index.

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

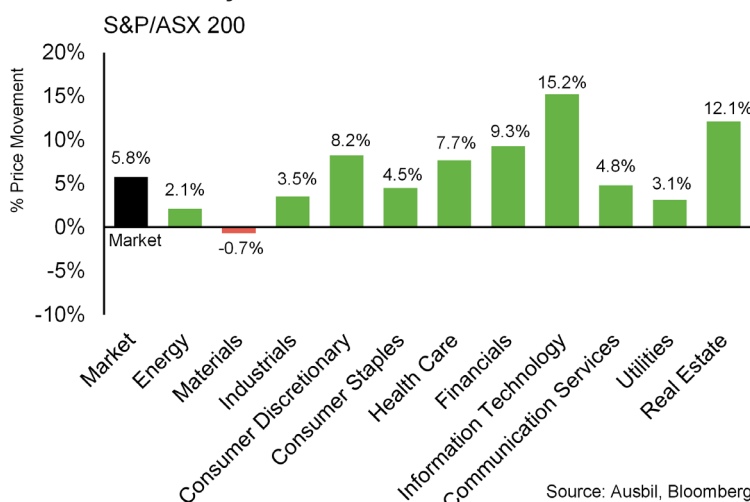
At a stock level, the overweight positions in IDP Education, Block, Goodman Group, Johns Lyng Group, Xero and Altium added to relative performance. The nil positions in BHP, Rio Tinto, Woodside Energy Group and Newcrest Mining also contributed to relative performance. Conversely, the overweight positions in Webjet, Computershare, Ramsay Health Care, Lynas Rare Earths, Insurance Australia Group, Suncorp and Transurban Group detracted from relative performance. The nil positions in Westpac Bank, Wesfarmers and WiseTech Global detracted from relative performance.

Market Review

Markets showed a little more 'pluck' in July, rebounding from the poor June quarter with a monthly return of +5.75% (S&P/ASX 200 Accumulation Index), bringing the rolling annual return to 31 July to -2.17%. There were signs that the sell-off of recent months may have overshoot as markets partially retraced on improved sentiment, on clear policy direction from central banks, and a view that the slowdown in growth might not be as drastic as feared.

The rebound in July was also felt across all sectors but one, as illustrated in the chart below. Technology was the biggest mover following the stellar rise in the Nasdaq as earnings came in for big tech, and the market reconsidered the impact of inflation on large technology stocks with proven earnings growth and long track records of generating free cash flow.

Sector Returns – July 2022



Source: Ausbil, Bloomberg

Fund Characteristics

Returns¹ as at 31 July 2022

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	7.72	5.75	1.97
3 months	-7.38	-6.04	-1.34
6 months	-1.22	1.71	-2.93
FYTD	7.72	5.75	1.97
CYTD	-9.84	-4.75	-5.09
1 year	-2.60	-2.17	-0.44
2 years pa	13.06	12.15	0.91
3 years pa	8.58	4.27	4.31
4 years pa	9.28	6.45	2.83
Since inception pa Date: 31 Jan 2018	9.57	7.14	2.43

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
CSL	9.76	6.81	2.95
Commonwealth Bank	9.35	8.39	0.96
National Australia Bank	7.01	4.80	2.21
Macquarie Group	5.20	3.19	2.01
Goodman Group	4.91	1.72	3.20
Woolworths	4.22	2.22	2.00
Computershare	3.96	0.70	3.26
Transurban Group	3.73	2.17	1.55
Telstra	3.19	2.20	0.99
ANZ Bank	3.17	3.33	-0.16

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	5.61	-5.61
Materials	12.77	22.20	-9.44
Industrials	10.04	6.03	4.01
Consumer Discretionary	2.89	6.77	-3.88
Consumer Staples	4.22	5.18	-0.96
Health Care	16.31	10.35	5.95
Financials	36.69	29.90	6.80
Information Technology	8.62	3.39	5.23
Communication Services	3.19	2.47	0.71
Utilities	0.00	1.46	-1.46
Real Estate	4.91	6.64	-1.73
Cash	0.37	0.00	0.37
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.

ESG Review

During July, Ausbil conducted a major ESG research piece focusing on culture which consisted of in-depth analysis, both quantitative and qualitative, of independent staff reviews for ASX 200 listed companies. This includes a review of staff engagement, CEO approval as well as comments made in reference to corporate culture. This important analysis is done ahead of each reporting season and, historically, the trends identified in staff engagement have tended to correlate well with reported operating momentum in the ensuing reporting season. Also, the review is used to identify new ESG-related engagement opportunities and adds to Ausbil's annual ESG engagement plan. Ausbil recently published the ESG engagement report for 2021, which can be found online at www.ausbil.com.au/research-insights/esg. This report summarises the key engagement themes for 2021, many of which have rolled into 2022.

Outlook

The outlook for equities remains positive, based on Ausbil's house view that Australia will avoid recession even though growth is slowing, and the view that central banks have front-weighted rate rises and will begin to slow the tightening. With fundamental world demand for commodities strong and growing against a backdrop of underinvestment in supply, we expect to see Australia outperform relative to other developed markets, supporting earnings growth, and the A\$. Ausbil's outlook for earnings overall is strong for the coming August reporting season at around +25% for FY22, and in positive single-digit territory for FY23. Given softening economic growth, earnings growth will be harder to come by in FY23. However, in the key sectors which benefit from inflation and interest rates, and in some cycle-proof quality leaders that retain pricing power we expect stronger earnings outcomes.

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