

Ausbil Active Sustainable Equity Fund

Monthly performance update

July 2021

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Performance Review

Fund performance for July 2021 was +1.63% (net of fees) versus the benchmark return +1.10%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Orocobre, IGO, Galaxy Resources, Mineral Resources, Lynas Rare Earths, BlueScope Steel and Goodman Group added to relative performance. Not holding Seek, Santos and Aristocrat Leisure added to relative performance. Conversely, the overweight positions in Afterpay, Computershare, Downer EDI, IAG and Domain Holdings detracted from relative performance. Not holding BHP Group, Sydney Airport, Fortescue Metals, Rio Tinto and Wesfarmers detracted from relative performance.

ESG Review

During the month, Ausbil presented on a panel about modern slavery at the ACSI conference, with other panellists from Woolworths, ANZ and Pillar Two. Ausbil presented its view on financial materiality, the need for collaboration and the need to take a broader human rights view rather than focus on modern slavery in isolation. Ausbil discussed why and how to go over and beyond simple legal compliance with the Modern Slavery Act, and how investors can play a major role through effective and meaningful engagement. Ausbil engaged with DET on ESG reporting requirements from an investor perspective, discussing climate change, modern slavery and first nations / cultural heritage issues.

In July, the ESG Research Team did a major research project on the development of staff engagement across ASX 200 companies using an external source (Glassdoor), which was shared with our equities analysts. Ausbil's ESG Research Team made significant progress on a proprietary climate change model, which looks at climate change net risk / opportunity, factors in carbon emissions, demand impact, cost impacts and physical climate change risk, across three scenarios and three time frames.

Outlook

Having entered FY21 reporting season, market attention is firmly focused on how successful the pandemic earnings recovery has been for Australia's listed companies, with the benchmark being the closing consensus for 30 June 2021 of a 24.8% earnings growth for the S&P/ASX 200. Ausbil maintains the view that this reporting season will see some of the best annual EPS growth returns in history. We are expecting excellent reports across the resources sector, and strong quarterly updates from the banks. That said, there will be some exceptions in a bumpy market, with operations and supply chains still hindered by lockdowns. These issues warrant caution, but they also offer some opportunity.

Fund Characteristics

Returns¹ as at 31 July 2021

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	1.63	1.10	0.53
3 months	3.19	5.80	-2.62
6 months	10.91	13.78	-2.87
FYTD	1.63	1.10	0.53
CYTD	10.85	14.14	-3.29
1 year	31.23	28.56	2.67
2 years pa	14.64	7.65	6.99
3 years pa	13.55	9.48	4.06
Since inception pa	13.33	9.96	3.36

Date: 31 Jan 2018

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Commonwealth Bank	9.00	8.52	0.48
CSL	7.51	6.34	1.17
National Australia Bank	5.40	4.12	1.27
ANZ Bank	4.69	3.80	0.89
Westpac Bank	4.27	4.34	-0.07
Macquarie Group	3.95	2.57	1.38
Telstra	3.66	2.17	1.49
Woolworths	3.66	2.37	1.29
Goodman Group	3.27	1.83	1.44
Mineral Resources	2.78	0.50	2.28

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	2.91	-2.91
Materials	19.14	21.52	-2.38
Industrials	9.65	7.27	2.38
Consumer Discretionary	1.59	8.28	-6.69
Consumer Staples	6.29	5.19	1.09
Health Care	13.53	10.15	3.38
Financials	33.61	29.34	4.26
Information Technology	7.44	4.62	2.82
Communication Services	3.66	2.57	1.09
Utilities	0.00	1.50	-1.50
Real Estate	4.93	6.64	-1.71
Cash	0.16	0.00	0.16
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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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.