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Ausbil High Conviction Equity Fund

Monthly performance update

August 2026

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'August reporting season concluded with the S&P/ASX 300 recording a strong net EPS growth beat'

Performance Review

Fund performance for the month ending August 2026 was +4.90% (net of fees), versus the benchmark return of +1.62%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in PLS Group, CSL, Evolution Mining, Sandfire Resources, James Hardie, Mineral Resources, Lynas Rare Earths and Xero contributed to relative performance. The nil positions in Westpac Bank and National Australia Bank also added value. Conversely, the overweight positions in Life360, BlueScope Steel, Goodman Group, Qantas, ANZ Group, Aristocrat Leisure and The a2 Milk Company detracted from relative performance. The nil positions in Northern Star Resources, Newmont Corporation and Genesis Minerals also detracted value.

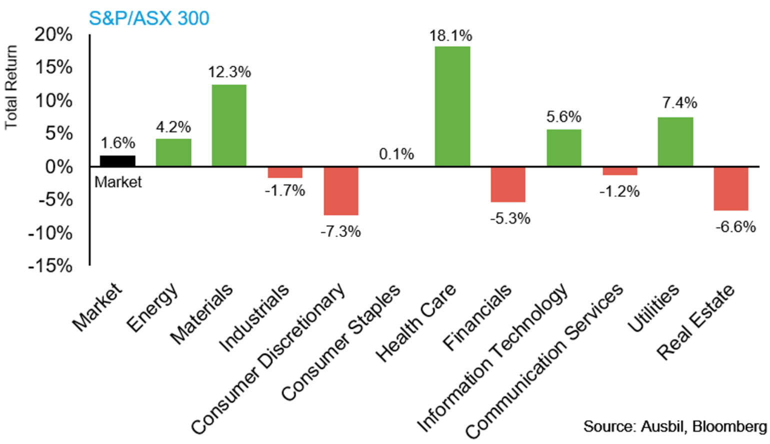
Market Review

The August reporting season closed with markets delivering a positive return of +1.6% for the month, +4.4% for the quarter (S&P/ASX 300 Accumulation Index), and bringing the one-year return to +4.3%. August saw the oil price fall on hopes of progress in the Middle East conflict, though this was reversed by the end of the month, with some hostility between the US and Iran commencing again as we entered September.

Global equity markets were largely positive in August with both Emerging Markets (MSCI EM) and Developed Markets (MSCI World) delivering good results of +3.5% and +3.0% respectively. Nasdaq was the outperformer, but China and Japan were solid performers across Asia.

In terms of sectors, Health Care, Materials, Utilities and Information Technology were the main positive performers on the market, with Consumer Discretionary, Real Estate and Financials the leading detractors, as shown in the chart.

Sector returns – August 2026



Source: Ausbil, Bloomberg

Fund Characteristics

Returns[1] as at 31 August 2026

Period	Fund Return[1] %	Benchmark[2] %	Out/Under Performance %
1 month	4.90	1.62	3.28
3 months	5.21	4.40	0.81
6 months	3.66	0.19	3.47
1 year	9.24	4.25	4.99
2 years pa	10.96	9.45	1.51
3 years pa	11.05	11.16	-0.11
4 years pa	10.52	10.60	-0.08
5 years pa	8.18	7.59	0.59
7 years pa	10.20	8.45	1.76
Since inception pa Date: 30 Nov 2017	10.31	8.85	1.45

Top 10 Stock Holdings

Name	Fund %	Benchmark[2] %	Tilt %
BHP Group	13.90	11.91	1.98
ANZ Bank	10.23	3.97	6.26
Commonwealth Bank	7.56	9.47	-1.91
CSL	5.59	2.95	2.64
PLS Group	5.35	0.59	4.77
Macquarie Group	4.71	3.14	1.56
Rio Tinto	4.05	2.30	1.75
Goodman Group	3.79	2.01	1.78
James Hardie	3.37	0.49	2.89
Sandfire Resources	3.21	0.38	2.83

Sector Tilts

Sector	Fund %	Benchmark[2] %	Tilt %
Energy	0.00	4.69	-4.69
Materials	38.39	27.32	11.08
Industrials	5.58	6.05	-0.47
Consumer Discretionary	5.44	6.65	-1.20
Consumer Staples	3.12	3.79	-0.67
Health Care	5.59	6.58	-0.99
Financials	25.19	32.36	-7.18
Information Technology	8.04	3.28	4.76
Communication Services	2.75	2.36	0.39
Utilities	1.47	1.40	0.07
Real Estate	3.79	5.52	-1.73
Cash	0.64	0.00	0.64
Total	**100.00**	**100.00**	**0.00**

1. Fund returns are net of fees but before taxes and assume distributions are reinvested. Past performance is not a reliable indicator of future performance.
2.The benchmark is S&P/ASX 300 Accumulation Index.

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Outlook

August reporting season concluded with the S&P/ASX 300 recording a strong net EPS growth (EPSg) beat of 15% (Macquarie Equities). In terms of beats and misses, growth companies delivered the most beats (50%), followed by global cyclicals (44%), defensives (28%), resources (27%), and domestic cyclicals (26%).

Ausbil's more constructive outlook for earnings in FY26 has been realised, and despite the more bearish outlook consensus had for FY26, in the results, companies have delivered a more positive outcome than consensus expected.

While consensus has downgraded their overall earnings growth outlook for FY27 to +7.3% (down from +9.9% at the start of reporting season), Ausbil remains more positive on FY27 earnings. Of the 32 Ausbil GICS sectors, 21 sectors were downgraded for FY27 earnings, while 11 were upgraded. However, at the end of reporting season, consensus was expecting 26 Ausbil GICS sectors to deliver positive earnings growth in FY27, and 29 to deliver positive EPSg in FY28.

With continued global economic growth expected in 2027, we remain more constructive on markets given a sustained outlook for positive earnings momentum. The US economy is still expected to grow by +2.4% in 2026, with Ausbil trimming expected Australian growth to +2.3% (assuming our base case on the oil shock plays out). Ausbil sees global economic growth at +3.3% for 2026. This growth backdrop remains supportive of earnings growth.

Looking forward, Ausbil remains constructive on Australian economic growth for 2026 and 2027, given the ongoing strength of metals and critical minerals demand, Australia's leading technology companies monetising AI, but with domestic productivity and local inflation challenges favouring global earnings streams over local.

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