

# MEDIA RELEASE

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**For immediate release**

## **Finding an edge in global markets: Ausbil Global Investment Forum**

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Ausbil Investment Management (Ausbil) is bringing together select global investment funds that offer investors an edge in global equity markets.

“Clients are looking for opportunities to diversify their portfolios, globally,” said Ross Youngman, CEO of Ausbil. “We are well positioned to do this from Australia given our relationship with New York Life and affiliates MacKay Shields and Candriam. We have brought together four global strategies that are designed to provide an edge in each of their markets, infrastructure, global small caps, natural resources, and global fixed income.”

Ausbil is a recognised leader in core Australian equities with a long industry track record of performance dating back to 1997. As clients’ needs and the market itself has expanded to include greater allocations to global equities, Ausbil has drawn together global opportunities that benefit specifically from Ausbil’s top-down, bottom-up investment process, focused on earnings and earnings revisions as the key driver of stock prices.

### **An edge in global listed infrastructure**

“Ausbil’s global listed infrastructure team focuses on the edge that comes from a very tightly focused definition of essential infrastructure that delivers superior upside and downside capture of returns across the cycle,” says Youngman.

In contrast to a marketplace increasingly relaxing definitions of infrastructure, Ausbil defines essential infrastructure as a tight subset of core infrastructure, specifically just the assets that are regulated and contracted essential infrastructure for society.

“Our definition of essential infrastructure gives our portfolio an edge over the cycle in capturing some 89% of positive global equity returns in up markets, but just 50% of negative global equity returns<sup>1</sup>,” says Tim Humphreys, Portfolio Manager of Global Listed Infrastructure. “Through the cycle, we have found that our definition of essential infrastructure demonstrates asymmetric returns skewed to the upside, meaning that it loses far less in falling markets than it is able to capture in rising markets. Over time, this generates positive compound outperformance for the essential infrastructure universe.”

Deploying global listed infrastructure equities that focus only on essential infrastructure companies brings the underlying benefits of these long, stable and essential assets through to the performance of their listed owners. Listed infrastructure equities add liquidity and genuine global diversity benefits that are not available in direct infrastructure and unlisted approaches.

### **An edge in global small caps**

“In global small caps, Ausbil is focusing on the edge that comes from identifying unrecognised growth,” says Youngman. “Our global small caps team applies both fundamental and quantitative approaches to finding companies with a growing earnings outlook that are either poorly covered by analysts, or are yet to be recognised for their earnings growth potential.”

The Ausbil Global SmallCap Fund has an investment universe that captures 23 global developed markets with over 4,000 securities.

1 Based on performance of the Ausbil essential infrastructure universe using data from Bloomberg from 31 December 2005 to 31 December 2018. Capture ratios of the Ausbil essential infrastructure universe vs MSCI World Index equities performance, total return in USD.

“The beauty and potential in small-cap investing is the pool of opportunities, and the potential to catch the next Google or Facebook ahead of the global investment community,” says Tobias Bucks, Co-Portfolio Manager, Global Small Caps.

“We believe the true value is in finding this unrecognised growth, in companies that are also taking ESG considerations seriously,” says Simon Wood, Co-Portfolio Manager, Global Small Caps. “This means unrecognised future earnings growth, and unrecognised technology shifts which are yet-to-be-recognised by the institutional investment community. This is where the significant value potential lies.”

## **An edge in natural resources**

“In global natural resources, we see the edge coming through an absolute return approach, and in the deployment of long and short strategies to invest through the cycle, expanding both the opportunity set and ability to manage risk,” says James Stewart, Portfolio Manager, Ausbil Global Resources Fund.

“Resources markets are unique and require highly experienced, dedicated investment teams with detailed technical knowledge and expertise,” says Luke Smith, Portfolio Manager, Ausbil Global Resources Fund. “Natural resources are cyclical, with material alpha opportunities arising from volatility within the sector. If you want to reduce volatility and generate returns through the cycle, we believe an absolute return approach gives us an advantage.”

Alternative approaches to investing in resources such as passive ETFs and traditional long only funds mean investors need to ride significant volatility and the overall resources cycles. An absolute return approach solves for this with the ability to protect in volatile and down times, which contributes to overall long-term compound returns.

“As we are absolute return in focus, our resources team does not need to track an index or sectors that they would rather avoid, which helps in downside protection and investing across different markets,” says Youngman.

Australia is one of the world’s leaders in resources, mining and related sectors. This global leadership has developed from a home market that is one of the dominant resources markets, with expertise that can be deployed to true advantage in global markets.

## **An edge in global fixed income**

“In fixed income, we see a crucial edge as being the ability to invest in an unconstrained manner,” says Neil Moriarty, Senior Managing Director and Senior Portfolio Manager at MacKay Shields. “A long cycle of global monetary easing and a multi-decade bull run in bonds means that a nimble, unconstrained approach can make the most of fixed income markets.”

The MacKay Shields Unconstrained Bond Fund gives flexibility to negotiate changes in rate outlooks and build exposures across the credit and issuer spectrum, while avoiding unattractive risk.

“These four strategies each deploy an edge by design to make the most of what is on offer in global equity markets,” says Youngman. “As a firm, we would add ESG integration in our investment decisions in all funds, and the expertise and experience of our people as sharpening the edge we offer investors.”

The Ausbil Global Investment Forum saw each of these four investment teams present on their edge in global markets. For advisers, this was an excellent opportunity to gather intelligence for their key client groups including high net worth, SMSF and retirement clients. The Forum was not presented to retail clients.

For information on any of the Ausbil Funds mentioned above a copy of the PDS is made available at [www.ausbil.com.au](http://www.ausbil.com.au)

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