

MEDIA RELEASE

September 2019

For immediate release

Ausbil Active Sustainable Equity Fund 'recommended' by Lonsec

Research house Lonsec has given a 'recommended' rating for the Ausbil Active Sustainable Equity Fund.

The rating indicates that Lonsec believes the fund has substantial potential to outperform over the medium to long term and that management is of a high calibre.

Lonsec stated it considered the fund to be suitable for inclusion on most approved product lists (APLs).

Paul Xiradis, Executive Chairman, Chief Investment Officer and Head of Equities at Ausbil Investment Management, said: "We believe ESG performance is a lead indicator of operational performance, and the way companies deal with these types of issues is also a good proxy for management and earnings quality, and future growth."

"Furthermore, we believe the ESG integration in our investment process, and our strong active company engagement on ESG issues, helps improve these businesses, and reduces our investment risks. We're prepared to back our ESG view through active allocation of capital and in actively exercising our voting rights when needed."

The Lonsec report said that the Ausbil Active Sustainable Equity Fund investment philosophy had a true to label 'active ownership' approach that engenders a substantial degree of ESG integration and that Ausbil's dedicated internal ESG research team provided considerable depth and consistency.

Ausbil is a leader in ESG, with a dedicated in-house research department, which it believes makes a difference to capturing investment returns.

Måns Carlsson-Sweeny, Head of ESG Research at Ausbil, said that while the market is saturated with discussion about ESG issues, many investors are missing a crucial point about this increasingly important aspect of investing.

"Investors whose sole focus is on identifying the ESG leaders of each industry are likely to develop a portfolio of expensive stocks, and miss the potential for growth that comes with the early identification of improving ESG momentum," said Mr Carlsson-Sweeny.

Mr Carlsson-Sweeny said investing in companies with positive momentum in their ESG performance can also help to capture alpha through rising valuations as the market recognises improved performance. Likewise, this principle can apply in reverse if a company begins to slip in their ESG performance. ESG issues and companies are dynamic, and experience and complete focus is essential to actively keep ahead of the curve in this area.

"Investors are also increasingly recognising that among similar companies, one with a good ESG profile should be valued with higher earnings multiples and trade above that of a similar company with a poor ESG profile," said Mr Carlsson-Sweeny.

Mr Carlsson-Sweeny added that ESG integration in Ausbil's investment analysis and decision making is about making better informed investment choices for superior risk-adjusted returns. Investors looking at ESG factors are also looking at more variables than just earnings and valuations. "Companies that do better in terms of ESG tend to do better in terms of risk-adjusted investment returns – it is that simple," he said.

About Ausbil Investment Management

About Ausbil Investment Management Ausbil is a leading Australian based investment manager. Established in April 1997, Ausbil's core business is the management of Australian and global equities for major superannuation funds, institutional investors, master trust and retail clients. Ausbil is owned by its employees and New York Life Investment Management a wholly-owned subsidiary of New York Life Insurance Company. As at 31 July 2019, Ausbil manage over \$12.2 billion in funds under management.

“Investors are increasingly seeking ESG integration in their portfolios,” noted Mark Knight, Head of Distribution at Ausbil. “ESG integration is fundamental to the future of investing. There is one way to do it well, and that is with a dedicated in-house team whose focus is on active engagement with the companies we hold, always aiming to improve their ESG performance.”

The PDS can be obtained from our website at www.ausbil.com.au.

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For further information or to schedule an interview please contact:

Kirsty Tamsans
Honner
Ph: 02 8248 3702
Email: kirsty@honner.com.au

**Ausbil Investment
Management Limited**
ACN 076 316 473
AFSL 229722
Level 25
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200
Fax 61 2 9259 0222