

Ausbil Australian Emerging Leaders Fund

Quarterly performance update

June 2024

Ausbil Investment Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200

'Ausbil is constructive on earnings growth, and more positive overall than consensus'

Performance Review

Fund performance for the quarter ending June 2024 was -1.12% (net of fees) versus the benchmark return of -3.42%. The benchmark is a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

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

At a stock level, the overweight positions in Life360, WiseTech Global, AGL Energy, ALS, Pro Medicus, Whitehaven Coal and Paladin Energy contributed to relative performance. The nil positions in Arcadium Lithium, Orora and Reliance Worldwide also added value. Conversely, the overweight positions in Block, Megaport, Beach Energy, Light & Wonder, Champion Iron and Iluka Resources detracted from relative performance. The nil positions in Bendigo & Adelaide Bank, Telix Pharmaceutical, Fisher & Paykel and TechnologyOne also detracted value.

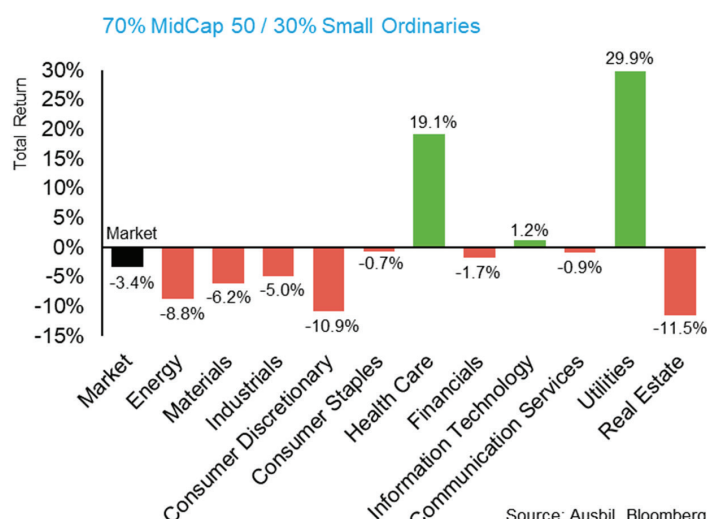
Market Review

In the June quarter, the Composite Benchmark (70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices) delivered a return of -3.4%, bringing the trailing market 1-year return to +7.4% with positive economic data, tax cuts from 1 July and a steady level of interest rates as background. Markets were further buoyed by interest rate cuts in Canada and Europe.

Globally, markets were mixed over the quarter with the US, Hong Kong and India outperforming and Europe, China and Japan lagging.

At a sector level, Utilities and Health Care significantly outperformed other sectors delivering returns of +29.9% and +19.1% respectively, positive returns were also derived from Information Technology. All other sectors were negative, as shown in the chart.

Sector returns – June Quarter 2024



Fund Characteristics

Returns¹ as at 30 June 2024

Period	Fund Return ¹ %	Benchmark ² %	Out/Under performance %
1 month	-2.29	-1.38	-0.90
3 months	-1.12	-3.42	2.30
6 months	6.55	3.25	3.30
1 year	8.86	7.42	1.44
2 years pa	10.63	11.19	-0.56
3 years pa	3.93	2.86	1.07
5 years pa	8.67	7.71	0.96
7 years pa	8.30	8.37	-0.07
10 years pa	8.49	9.74	-1.25
15 years pa	9.46	8.97	0.49
20 years pa	9.50	8.29	1.21
Since inception pa Date: April 2002	10.35	8.82	1.52

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
WiseTech Global	6.09	0.00	6.09
NextDC	5.74	2.65	3.09
AGL Energy	4.56	1.64	2.92
ALS	4.26	1.69	2.56
REA Group	4.13	2.53	1.60
Lynas Rare Earths	4.13	1.38	2.75
Qube	4.08	1.61	2.47
Whitehaven Coal	4.00	1.60	2.40
Worley	3.95	1.76	2.20
Life360	3.53	0.41	3.11

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	15.32	8.65	6.67
Materials	18.38	17.69	0.69
Industrials	14.65	14.13	0.52
Consumer Discretionary	0.00	8.69	-8.69
Consumer Staples	0.00	4.83	-4.83
Health Care	2.61	6.23	-3.62
Financials	10.88	14.28	-3.41
Information Technology	27.10	14.30	12.80
Communication Services	1.02	1.56	-0.53
Utilities	4.56	1.64	2.92
Real Estate	2.90	8.01	-5.10
Cash	2.58	0.00	2.58
Total	100.00	100.00	0.00

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.



Subscribe to our monthly updates here

Outlook

Australia's economic growth remains positive, though below trend. Ausbil expects economic growth to bottom by the middle of calendar 2024, after which we see it firming into calendar 2025. We are forecasting the RBA to leave rates on hold at 4.35% for most of 2024, with ongoing forensic monitoring of the underlying dynamics on services inflation.

In terms of risk, the major focus is the possibility of a policy misstep by central banks given sticky inflation and geopolitical events. The unique aspect of the pending US Presidential election is that the two main candidates are known quantities, so either outcome would be unlikely to unsettle financial markets.

Ausbil is constructive on earnings growth, and more positive overall than consensus. We are expecting FY25 earnings growth of +5.5%, broadening across sectors, and moving down the market cap spectrum.

Decarbonisation and the energy transition remain significant themes that will drive value across resources, energy, utilities and the mining services sector. We are also seeing structural earnings growth in technological transformation and the rise of artificial intelligence (AI). The enablers and businesses that increasingly operate in the digital environment, including communications companies, are set to benefit.

Consensus estimates for the S&P/ASX MidCap 50 Index forecast EPS growth at -11.5% for FY24 and +9.0% for FY25 which delivers PE valuations of 19.4x and 17.8x for FY24 and FY25 respectively, with a dividend yield of 2.8% for FY24. For the S&P/ASX Small Ordinaries Index, consensus forecast EPS growth estimates are at -15.0% for FY24 and +19.0% for FY25 with PE valuations sitting at 19.9x for FY24 and 16.7x for FY25, with a dividend yield of 3.0% for FY24.

Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

This material is issued by Ausbil Investment Management Limited (Ausbil) ABN 26 076 316 473, AFSL 229722 as at June 2024 and is subject to change. The material is not intended to provide you with financial product advice. It does not take into consideration the investment objectives, financial situation or needs of any person. For this reason, you should, before acting on this material, obtain professional advice from a licensed financial adviser and read the relevant Product Disclosure Statement which is available at www.ausbil.com.au and the target market determination which is available at www.ausbil.com.au/invest-with-us/designand-distribution-obligations. Past performance is not a reliable indicator of future performance. Any reference to past performance is for illustrative purposes only and should not be relied upon on. Ausbil, its officers, directors and affiliates do not guarantee the performance of, a particular rate of return for, the repayment of capital of, the payment of distribution or income of, or any particular taxation consequences for investing with or in any Ausbil product or strategy. The performance of any strategy or product depends on the performance of the underlying investment which may rise or fall and can result in both capital gains and loss. Any references to particular securities or sectors are for illustrative purposes only. It is not a recommendation in relation to any named securities or sectors. The material may contain forward looking statements which are not based solely on historical facts but are based on our view or expectations about future events and results. Where we use words such as but are not limited to 'anticipate', 'expect', 'project', 'estimate', 'likely', 'intend', 'could', 'target', 'plan', 'believe', 'think', 'might' we are making a forecast or denote a forward-looking statement. These statements are held at the date of the material and are subject to change. Forecast results may differ materially from results or returns ultimately achieved. The views expressed are the personal opinion of the author, subject to change (without notice) and do not necessarily reflect the views of Ausbil. This information should not be relied upon as a recommendation or investment advice and is not intended to predict the performance of any investment or market. The actual results may differ materially from those expressed or implied in the material. Ausbil gives no representation or warranty (express or implied) as to the completeness or reliability of any forward looking statements. Such forward looking statements should not be considered as advice or a recommendation and has such should not be relied upon. To the extent permitted by law, no liability is accepted by Ausbil, its officers or directors or any affiliates of Ausbil for any loss or damage as a result of any reliance on this information. While efforts have been made to ensure the information is correct, no warranty of accuracy or reliability is given, and no responsibility is accepted for errors or omissions. Any opinions expressed are those of Ausbil as of the date noted on the material and are subject to change without notice.