

# Ausbil 130/30 Focus Fund

## Monthly performance update

August 2024

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'While the August 2024 reporting period has been a weak one, overall, the market delivered a positive return'

### Performance Review

Fund performance for August 2024 was +0.57% (net of fees), versus the benchmark return of +0.47%, as measured by the S&P/ASX 200 Accumulation Index.

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

The largest short positions were in selected stocks within the Consumer Discretionary, Information Technology and Financials sectors.

At a stock level, the overweight positions in Life360, AGL Energy, Lynas Rare Earths, CAR Group, REA Group and ResMed contributed to relative performance. The nil position in QBE Insurance also added value. Conversely, the overweight positions in Santos, Cochlear, Origin Energy, Webjet, Goodman Group and Treasury Wine Estates detracted from relative performance. The underweight positions in Transurban Group and Westpac Bank also detracted value.

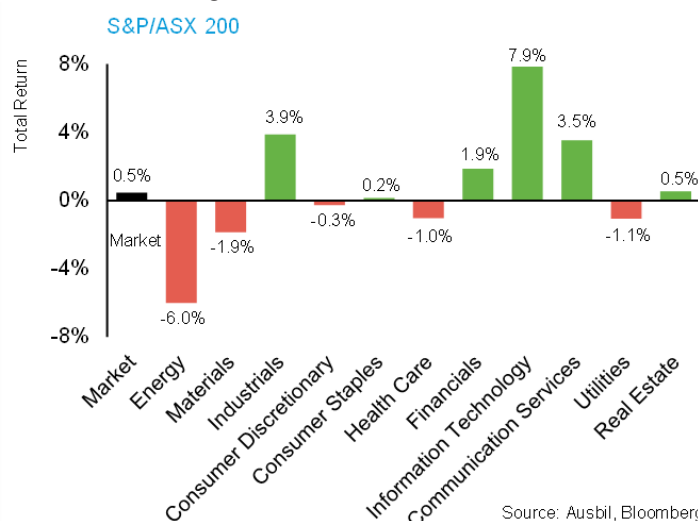
### Market Review

While the August 2024 reporting period has been a weak one, overall, the market yielded a positive return with the S&P/ASX 200 Accumulation Index delivering a small positive return of +0.47%, bringing the trailing market 1-year return to +14.90%.

Globally, developed markets (MSCI World) outperformed emerging markets (MSCI EM). With the exception of Japan, China and Singapore, all major developed markets were up in August.

At a sector level, performance was mixed with positive outliers in Information Technology, Communication Services and Industrials, and a large negative in Energy, as shown in the chart.

### Sector returns – August 2024



### Fund Characteristics

#### Returns<sup>1</sup> as at 31 August 2024

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under-performance %
1 month	0.57	0.47	0.10
3 months	5.65	5.74	-0.09
6 months	7.08	6.97	0.11
1 year	12.07	14.90	-2.84
2 years pa	7.29	12.20	-4.91
3 years pa	3.83	6.73	-2.89
5 years pa	6.79	8.14	-1.35
7 years pa	8.14	9.28	-1.14
10 years pa	7.89	8.02	-0.13
Since inception pa Date: July 2010	8.98	8.79	0.18

#### Market Exposure

	% of Fund
Long	101.45
Short	-5.14
Net	96.31

#### Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
BHP	9.77	8.61	1.16
Commonwealth Bank	8.78	9.73	-0.95
CSL	7.70	6.18	1.51
National Australia Bank	5.49	4.93	0.56
Macquarie Group	4.19	3.20	0.99
Goodman Group	4.19	2.40	1.79
Westpac Bank	3.71	4.52	-0.81
Santos	2.98	0.98	2.00
Telstra	2.94	1.89	1.05
Rio Tinto	2.71	1.72	0.98

#### Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	5.38	4.55	0.83
Materials	22.01	19.43	2.58
Industrials	2.46	6.16	-3.70
Consumer Discretionary	5.34	7.39	-2.05
Consumer Staples	2.68	4.15	-1.47
Health Care	8.69	10.04	-1.35
Financials	29.02	33.44	-4.42
Information Technology	8.04	4.38	3.66
Communication Services	2.94	2.34	0.60
Utilities	3.69	1.41	2.28
Real Estate	6.06	6.71	-0.66
Cash	3.69	0.00	3.69
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees but before taxes.

2. The benchmark S&P/ASX 200 Accumulation Index.

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## Outlook

The August 2024 reporting period has been a weak one. Overall, for the S&P/ASX 300, 30% of companies beat consensus earnings expectations by >5%, 27% missed by >5%, with 43% in-line<sup>1</sup>. Growth stocks performed on better interest rate dynamics, achieving more beats (48%) than other sectors. Domestic cyclicals largely met (63%) or beat (23%) expectations on more positive trading conditions for consumers than was expected. Resources missed on 40% of reports, and global cyclicals missed on 50% reflecting tougher conditions for these segments of the market<sup>1</sup>. Of the 34 Ausbil GICS sectors, 7 sectors were upgraded for FY25 earnings, 27 were downgraded. 25 sectors are still expected to deliver positive earnings growth in FY25<sup>2</sup>.

Market expectations for FY25 earning growth fell across reporting season relative to Ausbil's view. We believe the difference in outlooks is based on divergent views on the economic outlook. Headline inflation has likely peaked across Australia and other developed countries. We are entering a new phase of the normalisation with the first-rate cuts in developed markets in Canada, Sweden, New Zealand and the ECB. The US is expected to begin cutting rates this month. Australia's GDP is expected to rise in the second half of 2024 and move higher through 2025. In this environment, we believe earnings growth will recover more than the market expects, broadening across sectors, and moving down the market cap spectrum.

Decarbonisation and the energy transition remain significant themes that are driving value across resources, energy, utilities and the mining services sector with respect to critical commodities. We like copper, uranium and rare earths for the central role these will play in renewable energy, energy storage and upgrading electrical grids worldwide.

We are also seeing structural earnings growth in technological transformation, the rise of artificial intelligence (AI), and the enablers and businesses that increasingly operate in the digital environment, including

communications companies. These enablers include data centres, energy and energy storage that backs-up data processing, telecommunications and internet companies that support the web of connectivity and data. We also like beneficiaries of the digital revolution, companies that are able to leverage the networking and processing power offered by enablers to capture more business, more customers and at lower and lower costs.

1. Macquarie Research, 2024.
2. FactSet, 2024.

## ASIC Benchmark 2. - Periodic Reporting

This benchmark is aimed at ensuring that investors receive timely, basic fund investment performance information on a periodic basis to make informed investment decisions. Please refer to the below information relating to this benchmark.

The Fund's current net asset value and redemption price are available at [www.ausbil.com.au/unit-prices](http://www.ausbil.com.au/unit-prices). The Ausbil 130/30 Focus Fund – wholesale class' net performance returns are available at [www.ausbil.com.au/performance-tables](http://www.ausbil.com.au/performance-tables). There have been no changes to the key service providers, the related party status of the Fund, the Fund's risk profile, the Fund's strategy or the investment team.

Please refer to the Update of Information available at <http://www.ausbil.com.au/products/ausbil-130-30-focus-fund> (Important Notice to Investors) for more information on the appointment of additional securities lenders.

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