

# Ausbil Australian Active Equity Fund

Monthly performance update

April 2025

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'A number of structural drivers are offering opportunities now at significantly cheaper valuations than before the tariffs'

## Performance Review

Fund performance for April 2025 was +4.18% (net of fees), versus the benchmark return of +3.60%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Lynas Rare Earths, BlueScope Steel, Evolution Mining, Boss Energy, REA Group, Life360, Block and Xero contributed to relative performance. The nil positions in Woodside Energy Group and South32 also added value. Conversely, the overweight positions in Treasury Wine Estates, Santos, Sandfire Resources, James Hardie, Macquarie Group, BHP, Pilbara Minerals and Origin Energy detracted from relative performance. The underweight position in Commonwealth Bank and not holding Pro Medicus also detracted value.

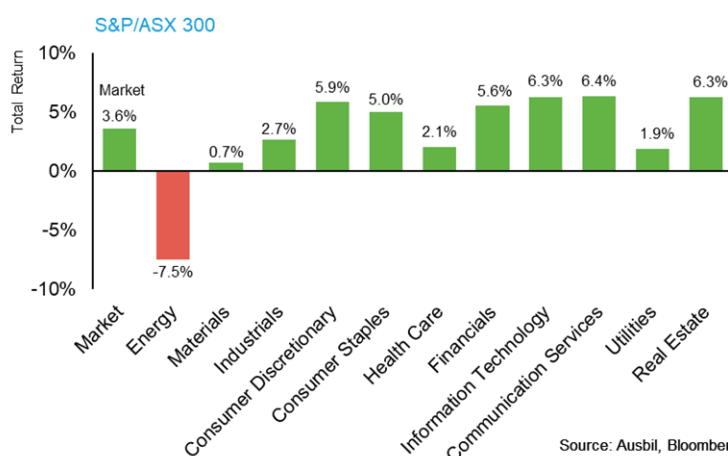
## Market Review

In April, the onslaught of higher global tariffs from President Trump's 2 April 'Liberation Day' pushed markets to volatility levels not seen since COVID. However, as signs emerged that the US was willing to bargain bilaterally with willing countries, the market's retraced their initial falls. In the washup, the S&P/ASX 300 Accumulation Index ended April up 3.6%, bringing the trailing market 1-year return to +9.5%.

Emerging markets outperformed developed markets, with the US underperforming on tariff impact uncertainty. Global markets ended the month with variable outcomes. Hong Kong, China and Singapore were down, but India, Australia and Europe were up.

The market rebound from the early April tariff surprise was echoed across sectors except for Energy, as shown in the Chart.

### Sector returns – April 2025



Source: Ausbil, Bloomberg

## Fund Characteristics

Returns<sup>1</sup> as at 30 April 2025

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup> %	Out/Under performance %
1 month	4.18	3.60	0.59
3 months	-6.09	-3.66	-2.43
6 months	-1.96	1.14	-3.10
1 year	4.50	9.54	-5.04
2 years pa	6.69	9.29	-2.60
3 years pa	5.19	6.85	-1.66
5 years pa	13.60	12.08	1.53
7 years pa	8.76	8.54	0.23
10 years pa	8.30	7.70	0.59
15 years pa	8.24	7.89	0.35
20 years pa	8.84	8.02	0.82
25 years pa	9.59	8.25	1.33
Since inception pa Date: July 1997	9.92	8.27	1.64

## Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
BHP	10.03	7.72	2.31
Commonwealth Bank	9.86	11.11	-1.25
National Australia Bank	6.78	4.42	2.36
CSL	6.39	4.84	1.54
Macquarie Group	4.58	2.73	1.85
Goodman Group	3.93	2.43	1.51
Xero	3.63	0.94	2.69
Wesfarmers	3.56	3.54	0.02
ANZ Bank	3.25	3.54	-0.29
Rio Tinto	3.23	1.73	1.50

## Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	2.56	3.60	-1.04
Materials	26.95	18.78	8.17
Industrials	0.00	6.40	-6.40
Consumer Discretionary	6.67	7.96	-1.29
Consumer Staples	3.15	3.85	-0.70
Health Care	8.66	9.65	-0.99
Financials	28.93	34.34	-5.40
Information Technology	10.52	4.43	6.10
Communication Services	3.96	2.69	1.27
Utilities	2.75	1.41	1.34
Real Estate	5.42	6.90	-1.47
Cash	0.42	0.00	0.42
<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 is S&P/ASX 300 Accumulation Index.



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## Outlook

The month of April was volatile, having commenced with President Trump's "Liberation Day" tariff announcement on 2 April which took the market by surprise in exceeding expectations on breadth and size of the tariffs levied. Markets seemed to approve of the Trump presidency as he took power in the first quarter, but they swung to strain mode when tariffs were unveiled, and as Trump doubled down on the US reciprocal tariffs on China. While the market's initial reaction was very negative, signs of potential compromise, and possibilities for new bilateral agreements, has seen prices retrace somewhat, though with caution. Though the change in US tariff policy was seismic, April ended with green shoots in some trade relations.

Ausbil's view of the US economy as at the end of the month is that tariffs will have a downward drag on growth in the near term, but that the economy will avoid recession, before growth begins to build again at the end of 2025 and into 2026. While tariffs have caused a major shake-up in global trade, Ausbil expects Australian growth to be relatively unchanged, with Australian companies generating earnings growth in excess of consensus expectation of +6.4% in FY26.

Underpinning our outlook for equities are a number of structural drivers that are offering opportunities, now at significantly cheaper valuations than before the tariffs. These include an increased commitment to military spending globally as the US withdrawal of support for Ukraine and others has sparked an upward shift in defence spending; increased investment in infrastructure to accommodate the growth in AI; ongoing investment to secure independent energy security; and the increase in demand for electricity over carbon-based energy.

While the sell-down is uncomfortable for everyone, there are names that are relatively independent of tariff policy whose earnings growth outlook just became a whole lot more attractive at lower valuations – and it is in such volatility that we have found some of our best investments.

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