ausbil

Ausbil Active Dividend Income Fund

Quarterly performance update

March 2025

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‘Trump’s ‘Liberation Day’ reciprocal tariffs on 2 April were at levels which were significantly larger and materially worse than markets expected’

Performance Review

Fund performance for the quarter ending March 2025 was -2.44% (net of fees), versus the benchmark return of -2.80%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Evolution Mining, BlueScope Steel, Eagers Automotive, Telstra, National Australia Bank, Rio Tinto and Wesfarmers contributed to relative performance. The underweight position in Westpac Bank and the nil positions in WiseTech Global and Block also added value. Conversely, the overweight positions in Commonwealth Bank, Pinnacle Investment Management Group, Magellan Financial Group, Goodman Group and IGO detracted from relative performance. The nil position in Computershare and the underweight positions in Fortescue, Northern Star Resources, QBE Insurance and APA Group also detracted value.

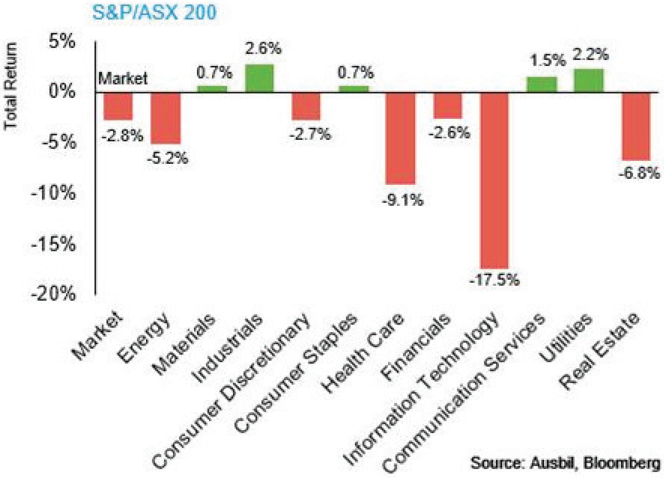
Market Review

The March quarter was marked with highs and lows as President Trump excited, then worried markets with his broad sweeping tariff policies. The S&P/ASX 200 Accumulation Index fell by -2.8%, in the quarter, and -3.4% for the month, bringing the trailing market 1-year return to +2.8%.

Emerging markets outperformed developed markets, with the US in particular underperforming. Global markets ended the quarter in a tailspin waiting for the outcome of Trump’s ‘Liberation Day’ tariff announcements that will potentially rewrite world trade flows.

At the sector level this quarter, market uncertainty reflected in performance. Energy, Information Technology, Health Care, Real Estate were sold off significantly relative to market, with more defensive sectors like Utilities, Communication Services and Consumer Staples outperforming, as shown in the chart.

Sector returns – March Quarter 2025



Fund Characteristics

Returns[1] as at 31 March 2025

Period	Distribution Return[2] % Net	Growth Return % Net	Total Return % Net	Bench-mark[3] %	Excess Return[4] % Net
1 month	0.44	-3.79	-3.34	-3.39	0.05
3 months	1.33	-3.77	-2.44	-2.80	0.36
6 months	2.56	-7.30	-4.74	-3.57	-1.17
1 year	5.27	-3.78	1.49	2.84	-1.36
2 years pa	5.62	0.51	6.13	8.49	-2.37
3 years pa	5.69	-2.22	3.48	5.62	-2.14
4 years pa	6.08	0.23	6.31	7.88	-1.57
5 years pa	7.11	4.99	12.09	13.24	-1.15
Since inception pa Date: July 2018	6.00	1.65	7.65	7.66	-0.02

Top 10 Stock Holdings

Name	Fund %	Index[3] %	Tilt %
BHP	10.71	8.24	2.47
Commonwealth Bank	7.57	10.73	-3.16
National Australia Bank	7.27	4.44	2.84
Westpac Bank	6.32	4.60	1.72
CSL	5.95	5.13	0.82
Wesfarmers	4.32	3.47	0.85
Woodside Energy Group	3.83	1.87	1.97
Macquarie Group	3.76	2.96	0.80
Goodman Group	3.00	2.45	0.55
Telstra	2.69	2.07	0.62

Sector Tilts

Sector	Fund %	Index[3] %	Tilt %
Energy	4.49	4.09	0.40
Materials	21.25	19.24	2.01
Industrials	5.69	6.23	-0.53
Consumer Discretionary	10.07	7.62	2.45
Consumer Staples	3.77	3.85	-0.09
Health Care	7.30	9.73	-2.44
Financials	35.89	34.39	1.50
Information Technology	0.00	4.14	-4.14
Communications Services	2.69	2.51	0.18
Utilities	4.21	1.48	2.74
Real Estate	3.78	6.72	-2.94
Cash	0.86	0.00	0.86
Total	**100.00**	**100.00**	**0.00**

1. Fund returns are net of fees but before taxes and exclude franking credits.
2. The 2018/2019 distribution was 92% franked. The 2019/2020 distribution was 70% franked. The 2020/2021 distribution was 71% franked. The 2021/2022 distribution was 93% franked. The 2022/2023 distribution was 85% franked. The 2023/2024 was 80% franked.
3. S&P/ASX 200 Accumulation Index.
4. Excess returns are net of fees but before taxes and exclude franking credits.

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Outlook

The release of Trump's 'Liberation Day' reciprocal tariffs on 2 April were at levels which were significantly larger and materially worse than markets expected. The negative surprise, triggered in quick fashion, delivered a seismic tariff shock for global markets. Ausbil has undertaken significant analysis of the tariff situation unfolding.

Ausbil's view of the US economy is that tariffs will have a downward drag on growth in the near term, but the economy will avoid recession, before growth begins to build again at the end of 2025 and into 2026. We think the chance of a US recession is relatively slimmer than the market is ascribing because considerations such as tax cuts, deregulation, lower oil prices, lower inflation and lower interest rates will help offset some growth drag from tariffs. With the hard monetary tightening undertaken by global central banks in 2022 and 2023, monetary authorities have significant room to stimulate should this be needed. While tariffs have caused a major shake-up in global trade, Ausbil expects Australian growth to be relatively unchanged and expect Australian companies to generate earnings growth in excess of consensus expectation of +8.2% in FY26.

During the COVID pandemic, we found significant opportunities in the market that delivered superior earnings growth in the years that followed. The Trump tariff shock is also revealing opportunities for those who can hold their nerve in the noise and find earnings growth that is relatively unrelated to tariffs. 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 defense 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.

Monthly Distributions

	Ex-Price (mid) 30 June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ex-Price (mid) 30 June	Total CPU	Franking Credit Per Unit	Franking Level
FY 2019	$1.000000	0.45	0.45	0.45	0.44	0.44	0.44	0.44	4.77	0.44	0.44	0.44	2.43	$1.019293	11.63	4.58	92%
FY 2020	$1.019293	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.54	$0.893822	5.60	1.67	70%
FY 2021	$0.893822	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	1.15	$1.099169	5.00	1.52	71%
FY 2022	$1.099169	0.46	0.46	0.46	2.00	0.46	0.46	0.46	0.46	0.46	0.46	0.46	3.56	$0.954105	10.16	4.07	93%
FY 2023	$0.954105	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	1.00	$1.003187	6.06	2.20	85%
FY 2024	$1.003187	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.43	$1.041421	5.60	1.92	80%
FY 2025	$1.041421	0.47	0.47	0.47	0.47	0.47	4.70*	4.70	4.70	4.70							

* Effective on 13 December 2024, units in the Fund were consolidated in the ratio of 10:1. That is, for every 10 units held by a unitholder, it was consolidated into one unit. The Unit Consolidation increased the Fund's unit price proportionately with the consolidation ratio.

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