

Ausbil 130/30 Focus Fund

Quarterly performance update

March 2024

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'Ausbil believes that we are at the start of a rate cutting cycle, though the quantum and timing remains unknown'

Performance Review

Fund performance for the quarter ending March 2024 was +5.73% (net of fees), versus the benchmark return of +5.33%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Consumer Discretionary, Industrials and Real Estate sectors.

At a stock level, the overweight positions in Goodman Group, Life360, Altium, Light & Wonder, Webjet and Boss Energy contributed to relative performance. The underweight position in Fortescue Metals, and the nil position in Newmont Corporation also added value. Conversely, the overweight positions in Lynas Rare Earths, BHP, Evolution Mining, Whitehaven Coal and Medibank detracted from relative performance. The underweight positions in Westpac Bank, Wesfarmers and Commonwealth Bank, and the nil position in QBE Insurance also detracted value.

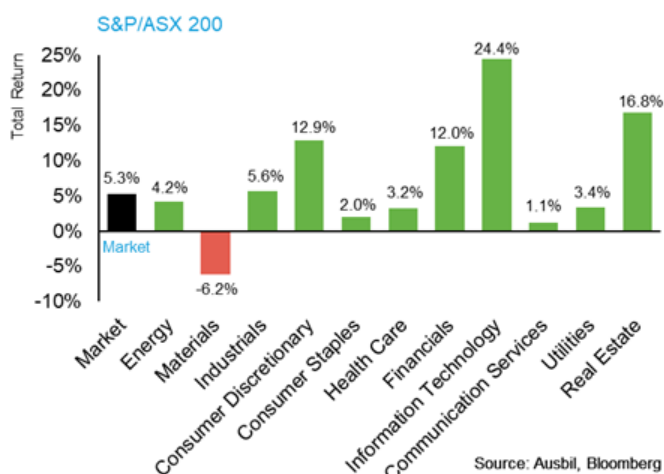
Market Review

The March quarter was buoyant in equities with the S&P/ASX 200 Accumulation Index posting gains of +5.3%, bringing the trailing market 1-year return to +14.5%.

Globally, developed markets (MSCI World) outperformed emerging markets (MSCI EM). Every major market, with the exception of Hong Kong and Singapore, delivered positive returns this quarter, with Japan showing a thumping +20.0% and the S&P 500 delivering +10.2%.

At a sector level, Information Technology, Consumer Discretionary and Real Estate sectors were significantly rerated as the cycle turned from a tightening to an easing outlook with falling inflation, as shown in the chart. Materials lagged largely through weakness in commodity prices, cyclical issues, and ongoing concerns around China.

Sector returns – March Quarter 2024



Fund Characteristics

Returns¹ as at 31 March 2024

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under- performance %
1 month	3.54	3.27	0.27
3 months	5.73	5.33	0.40
6 months	11.59	14.17	-2.58
1 year	10.45	14.45	-4.00
2 years pa	2.61	7.03	-4.42
3 years pa	6.00	9.62	-3.61
5 years pa	7.81	9.15	-1.34
7 years pa	7.58	8.59	-1.01
10 years pa	7.64	8.27	-0.63
Since inception pa Date: July 2010	8.99	8.79	0.20

Market Exposure

	% of Fund
Long	103.33
Short	-7.50
Net	95.83

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
BHP	11.53	9.56	1.97
CSL	7.92	5.93	2.00
Commonwealth Bank	7.64	8.59	-0.94
National Australia Bank	4.90	4.59	0.31
Goodman Group	4.49	2.49	2.00
ANZ Bank	4.03	3.76	0.26
Macquarie Group	3.20	3.05	0.15
Telstra	2.83	1.90	0.93
Origin Energy	2.80	0.67	2.12
Santos	2.57	1.07	1.50

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	7.62	5.22	2.40
Materials	24.98	21.73	3.25
Industrials	2.59	6.24	-3.64
Consumer Discretionary	3.54	7.14	-3.61
Consumer Staples	3.59	4.06	-0.47
Health Care	9.11	9.60	-0.49
Financials	26.23	30.96	-4.72
Information Technology	7.10	4.42	2.68
Communication Services	2.83	2.37	0.47
Utilities	2.80	1.35	1.45
Real Estate	5.42	6.91	-1.49
Cash	4.17	0.00	4.17
Total	100.00	100.00	0.00

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 overall macro-economic outlook has stabilised with rates peaking, and inflation falling, and with Australia's excess savings, strong employment market and global demand for our resources, Ausbil expects Australia to avoid recession. Ausbil believes that we are at the start of a rate cutting cycle, though the quantum and timing remains unknown.

In this environment, we believe earnings growth will recover more than the market expects, broadening across sectors, and moving down the market cap spectrum. We think that with a downward bias in rates, cyclicality will return to the market, with more relief for the consumer, supporting housing, consumer, select real estate and other cyclical businesses. Decarbonisation and the energy transition remain significant themes that will drive value across resources, energy, utilities and the mining services sector with respect to critical commodities. 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.

On aggregate, we see earnings growth for FY24 as a little more positive than implied by consensus as companies are now settling into operating in a normalised interest rate environment. Our macro reading of the economy is that rate cuts will come from central banks while economic growth remains positive, though sub-trend, mainly in order to ensure that real interest rates are not a hinderance for longer term business investment. We think this will also see economic growth strengthen, and earnings growth for FY25 exceed consensus expectations, as earnings recover and broaden across sectors, and down the market cap spectrum. We believe dividend yields have peaked and will normalise across FY24 and FY25.

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. The Ausbil 130/30 Focus Fund – wholesale class' net performance returns are available at 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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