

# Ausbil 130/30 Focus Fund

## Monthly performance update

April 2024

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'We believe earnings growth will recover more than the market expects in FY25, to +5.5% in earnings growth on Ausbil's estimates'

### Performance Review

Fund performance for April 2024 was -2.69% (net of fees), versus the benchmark return of -2.94%, as measured by the S&P/ASX 200 Accumulation Index.

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

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

At a stock level, the overweight positions in Lynas Rare Earths, Origin Energy, ResMed, Whitehaven Coal, Sandfire Resources and Rio Tinto contributed to relative performance. The underweight position in Woodside Energy Group also added value. Conversely, the overweight positions in Light & Wonder, Block, Megaport, Brambles, James Hardie and Worley detracted from relative performance. The nil position in South32 and the underweight positions in Fortescue Metals, Westpac Bank and Computershare also detracted value.

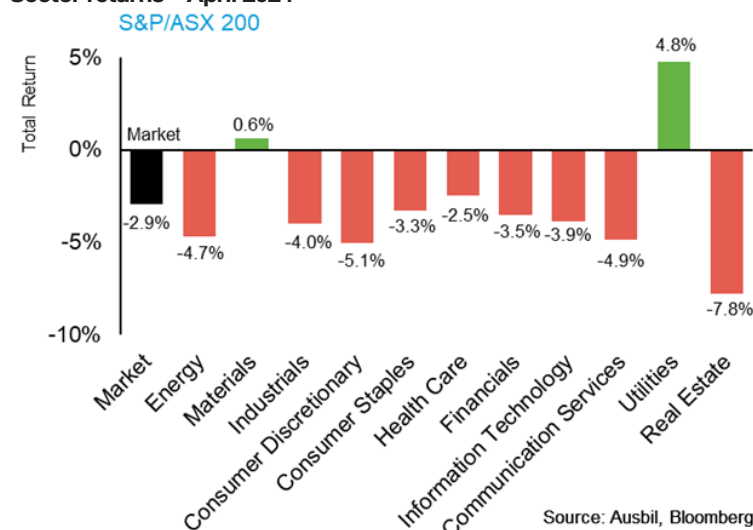
### Market Review

April saw markets give back a little of the upside delivered in the March quarter, with the S&P/ASX 200 Accumulation Index delivering -2.9%, bringing the trailing market 1-year return to +9.1%.

Globally, developed markets (MSCI World) underperformed emerging markets (MSCI EM) on indications that rate cuts would be pushed out on stronger than expected economic data. North American and European markets were down, with the exception of the UK. Hong Kong was a positive outlier.

At a sector level, Utilities and Materials were the only positive standouts, as shown in the chart. Many sectors like Real Estate, Consumer Discretionary and Information Technology were impacted by the market's view that rates cuts would be pushed out on stronger data.

### Sector returns – April 2024



### Fund Characteristics

#### Returns<sup>1</sup> as at 30 April 2024

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup> %	Out/Under- performance %
1 month	-2.69	-2.94	0.25
3 months	1.64	1.04	0.60
6 months	12.74	15.17	-2.43
1 year	6.43	9.07	-2.64
2 years pa	1.67	5.90	-4.24
3 years pa	3.87	7.30	-3.43
5 years pa	6.96	8.00	-1.04
7 years pa	7.02	7.97	-0.95
10 years pa	7.29	7.76	-0.47
Since inception pa Date: July 2010	8.72	8.50	0.22

### Market Exposure

	% of Fund
Long	103.38
Short	-8.10
Net	95.27

### Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
BHP	9.74	9.56	0.18
Commonwealth Bank	7.47	8.41	-0.95
CSL	7.35	5.87	1.48
National Australia Bank	4.89	4.61	0.27
Goodman Group	4.88	2.40	2.48
Macquarie Group	3.39	2.95	0.45
Rio Tinto	3.15	2.12	1.02
Santos	3.09	1.10	2.00
ANZ Bank	3.01	3.71	-0.70
Origin Energy	2.75	0.74	2.01

### Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	7.97	5.11	2.86
Materials	25.17	22.47	2.69
Industrials	-0.33	6.17	-6.50
Consumer Discretionary	4.96	6.98	-2.02
Consumer Staples	3.13	4.04	-0.91
Health Care	10.90	9.66	1.23
Financials	29.56	30.80	-1.24
Information Technology	5.47	4.42	1.05
Communication Services	1.88	2.32	-0.44
Utilities	4.04	1.46	2.58
Real Estate	2.53	6.57	-4.04
Cash	4.73	0.00	4.73
<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

Australia's economy remains robust, though growing sub-trend across calendar 2024. Ausbil expects economic growth to bottom in 2024 at 2.0%, after which we see it firming to 2.5% in calendar 2025. We believe we will see some modest rate cuts in late 2024 and further cuts in 2025 (Australia and the US). This will help smooth the cost of capital for businesses through moderating the yield curve, not as stimulus for a struggling economy.

In this environment, we believe earnings growth will recover in FY25 to +5.5%, broadening across sectors, and moving down the market cap spectrum. We think that with a downward bias in rates, and tax cuts that take effect in July, cyclicality will return to the market. This will support housing, consumers, 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.

Consensus estimates for the S&P/ASX 200 Index forecast EPS growth at -4.3% for FY24 and +3.0% for FY25. The market is now offering PE valuations of 16.3x and 15.9x for FY24 and FY25 respectively, with a dividend yield of 3.9% for FY24.

## 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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