

Ausbil Long Short Focus Fund

Monthly performance update

August 2024

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'We expect the heightened volatility to be a more prevalent feature in the markets while inflation remains elevated'

Performance Review

Fund performance for August 2024 was +2.72% (net of fees), versus the benchmark return of +0.35%, as measured by the Reserve Bank of Australia Cash Rate.

At a sector level, positive contributors were positions in index derivatives employed for risk management purposes, Information Technology, Financials, Consumer Discretionary, Communication Services, Materials, Utilities and Health Care. The detractors were Energy, Real Estate, Industrials and Consumer Staples

At a stock level, key contributors for the month were positions in Life360, Audinate, Guzman Y Gomez, and Mineral Resources. The key detractors for the month were positions in WiseTech Global, NexGen, Temple & Webster, Charter Hall Long Wale REIT, and Santos.

As at 31 August 2024, the Fund was positioned 48% long and 48% short, for net short exposure of 0% and a gross exposure of 96%.

Outlook

Headline inflation has peaked and is falling slowly 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. We continue to see the propensity for central banks that tightened more aggressively to cut rates as inflation returns to target. Australia, however, did not tighten to the same extent and we continue to see a risk that Australia will have higher rates for longer relative to other developed markets. While CPI inflation will likely fall materially in the December and June periods ahead, as per the RBA's most recent statement of monetary policy, this is primarily due to the rebates that will unwind in the middle of 2025.

Overall, the August 2024 reporting period was a weak one. Monetary policy is starting to dampen demand as observed by the mixed trading through the reporting season. Earnings and share price volatility is likely to remain with many companies reporting higher operating costs and margin pressure, and caution around issuing guidance for FY25. This was understandable to some extent given the uncertainty around when rates will fall and help relieve some of these pressures. We do continue to see opportunities and are positioned for earnings growth in select names despite the lagging impact of monetary tightening impacting real GDP via weaker demand (consumer sentiment weakness, tepid real wages, lower corporate earnings) and higher cost of debt (both higher reference rates and wider credit spreads).

Strategy

Overall, the Fund is positioned to continue to benefit from the rising volatility given the index derivatives employed for risk management purposes and our overall positioning. We expect the heightened volatility to be a more prevalent feature in the markets while inflation remains elevated, tighter monetary policy impacts the economy, and as economies continue the process of policy normalisation globally through CY24. We favour companies that have clear pricing power and exhibit more structural rather than cyclical growth drivers irrespective of the business cycle. We maintain long positions in quality structural growth companies. We have appropriately hedged our positions to help preserve capital amidst heightened volatility.

Returns as at 31 August 2024


Period	Fund %	Benchmark ¹ %	Out/Under Performance %
	Net		Net
1 month	2.72	0.35	2.37
3 months	2.80	1.06	1.74
6 months	7.07	2.15	4.92
1 year	10.26	4.29	5.97
2 years pa	2.53	3.83	-1.30
3 years pa	3.66	2.68	0.98
Since inception pa	8.02	2.07	5.95
Date: 29 September 2020			

1. The benchmark is the Reserve Bank of Australia Cash Rate.

Fund Market Exposure²

Exposure (month end)	%
Long	47.69
Short	-47.85
Net	-0.16
Gross	95.54

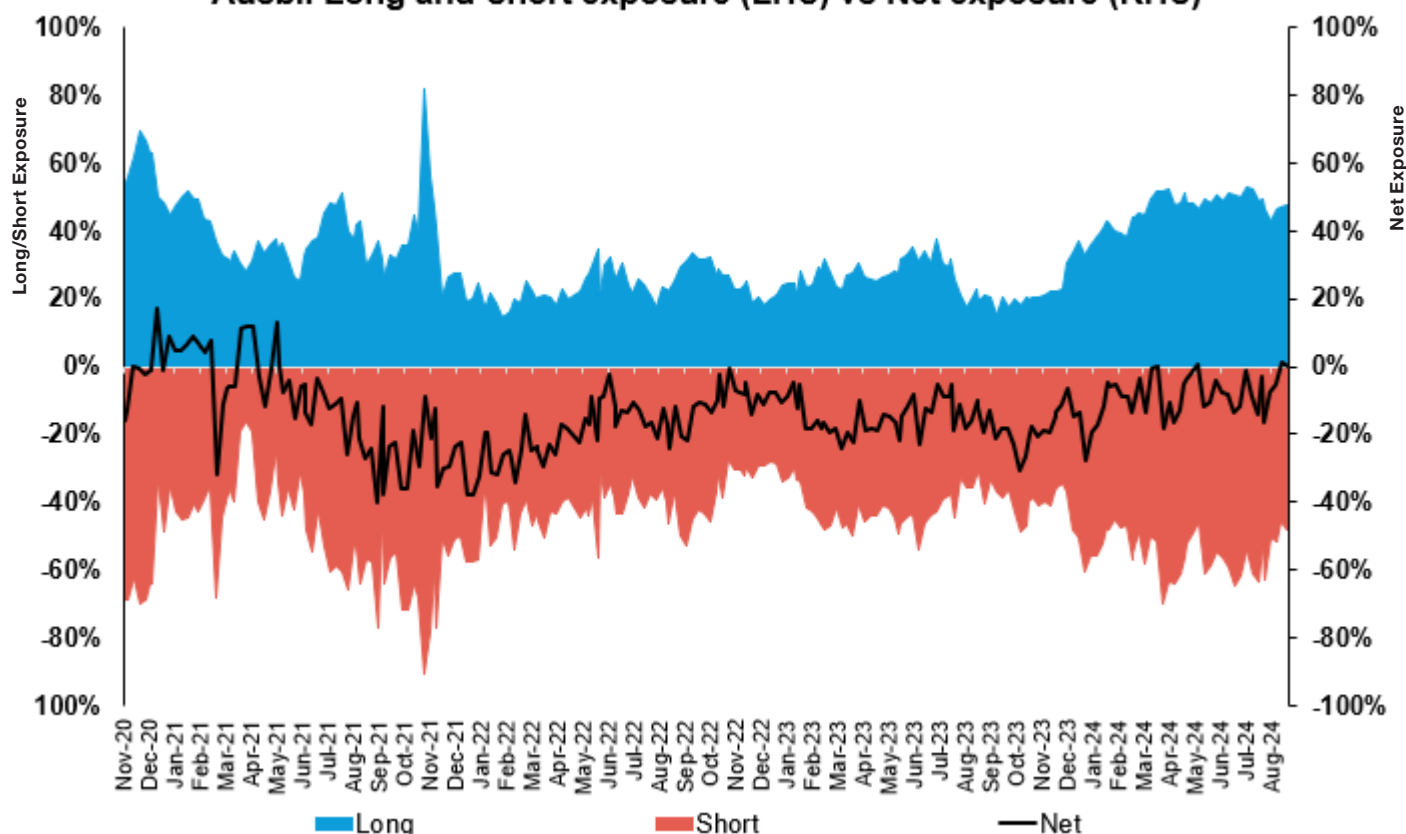
2. The exposures shown are adjusted for any derivatives, for example, exchange traded derivatives, held by the Fund.

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Monthly Returns (net)

Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sept %	Oct %	Nov %	Dec %	CYTD %
2020									1.37	1.22	3.49	-0.38	5.78
2021	4.97	5.47	-0.54	0.92	0.60	-0.04	1.71	1.06	1.51	0.77	2.05	0.16	20.10
2022	1.80	-0.90	-1.32	0.78	1.26	2.29	-2.15	-0.35	0.54	-2.88	-0.48	0.81	-0.73
2023	-0.88	1.13	-1.12	-1.11	1.06	-0.82	-0.96	0.02	2.91	1.01	-0.97	-1.75	-1.58
2024	0.71	1.10	1.61	1.39	1.09	1.88	-1.77	2.72					9.02

Ausbil Long and Short exposure (LHS) vs Net exposure (RHS)



The exposures shown are adjusted for any derivatives, for example, exchange traded derivatives, held by the Fund.

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