

Ausbil 130/30 Focus Fund

Quarterly performance update

June 2024

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'Ausbil is constructive on earnings growth, and more positive overall than consensus'

Performance Review

Fund performance for the quarter ending June 2024 was +0.16% (net of fees), versus the benchmark return of -1.05%, 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, Consumer Staples and Real Estate sectors also added value. Conversely, the overweight positions in the Energy, Information Technology and Communication Services sectors detracted from relative performance. The underweight position in the Financials sector also detracted value.

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

At a stock level, the overweight positions in Origin Energy, Aristocrat Leisure, Life360, Goodman Group, Rio Tinto, Lynas Rare Earths and AGL Energy contributed to relative performance. The underweight position in Fortescue Metals also added value. Conversely, the overweight positions in Block, James Hardie, BlueScope Steel, Worley, Challenger and Pilbara Minerals detracted from relative performance. The underweight positions in South32, Westpac Bank and Commonwealth Bank also detracted value.

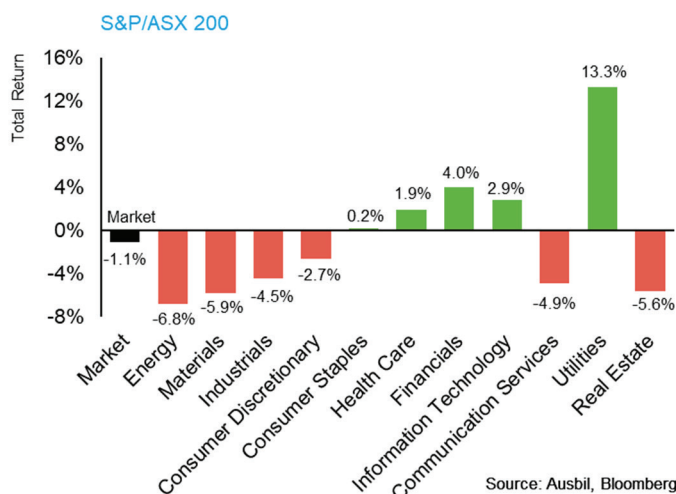
Market Review

In the June quarter, the S&P/ASX 200 Accumulation Index delivered a return of -1.1%, bringing the trailing market 1-year return to +12.1% with positive economic data, tax cuts from 1 July and a steady level of interest rates as background. Markets were further buoyed by interest rate cuts in Canada and Europe.

Globally, markets were mixed over the quarter with the US, Hong Kong and India outperforming and Europe, China and Japan lagging.

At a sector level, Utilities significantly outperformed other sectors delivering returns of +13.3%, positive returns were also derived from Health Care, Financials and Information Technology. All other sectors underperformed compared to the market, as shown in the chart.

Sector returns – June Quarter 2024



Fund Characteristics

Returns¹ as at 30 June 2024

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under- performance %
1 month	2.32	1.01	1.31
3 months	0.16	-1.05	1.22
6 months	5.90	4.22	1.68
1 year	9.84	12.10	-2.27
2 years pa	7.75	13.43	-5.69
3 years pa	3.74	6.37	-2.63
5 years pa	6.25	7.26	-1.02
7 years pa	7.68	8.67	-1.00
10 years pa	7.84	8.06	-0.21
Since inception pa Date: July 2010	8.84	8.55	0.29

Market Exposure

	% of Fund
Long	105.31
Short	-10.25
Net	95.07

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
BHP	10.85	9.37	1.49
CSL	8.41	6.17	2.23
Commonwealth Bank	7.21	9.23	-2.01
National Australia Bank	5.86	4.86	0.99
Goodman Group	5.06	2.60	2.46
Macquarie Group	4.43	3.15	1.27
Santos	3.57	1.08	2.50
Origin Energy	3.04	0.81	2.23
Westpac Bank	2.97	4.09	-1.12
Telstra	2.92	1.81	1.11

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	7.36	5.06	2.29
Materials	21.48	20.51	0.97
Industrials	0.30	5.97	-5.67
Consumer Discretionary	3.83	7.05	-3.21
Consumer Staples	3.73	4.15	-0.42
Health Care	11.26	10.07	1.19
Financials	27.25	32.25	-5.00
Information Technology	8.29	4.61	3.69
Communication Services	2.50	2.26	0.24
Utilities	5.12	1.54	3.58
Real Estate	3.94	6.53	-2.59
Cash	4.93	0.00	4.93
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

Australia's economic growth remains positive, though below trend. Ausbil expects economic growth to bottom by the middle of calendar 2024, after which we see it firming into calendar 2025. We are forecasting the RBA to leave rates on hold at 4.35% for most of 2024, with ongoing forensic monitoring of the underlying dynamics on services inflation.

In terms of risk, the major focus is the possibility of a policy misstep by central banks given sticky inflation and geopolitical events. The unique aspect of the pending US Presidential election is that the two main candidates are known quantities, so either outcome would be unlikely to unsettle financial markets.

Ausbil is constructive on earnings growth, and more positive overall than consensus. We are expecting FY25 earnings growth of +5.5%, broadening across sectors, and moving down the market cap spectrum.

Decarbonisation and the energy transition remain significant themes that will drive value across resources, energy, utilities and the mining services sector. We are also seeing structural earnings growth in technological transformation and the rise of artificial intelligence (AI). The enablers and businesses that increasingly operate in the digital environment, including communications companies, are set to benefit.

Consensus estimates for the S&P/ASX 200 Index forecast EPS growth at -5.1% for FY24 and +3.5% for FY25. The market is now offering PE valuations of 17.1x and 16.5x for FY24 and FY25 respectively, with a dividend yield of 3.8% 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. 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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