

# Ausbil Long Short Focus Fund

Quarterly performance update

June 2024

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'We favour companies that have clear pricing power and exhibit more structural rather than cyclical growth drivers irrespective of the business cycle'

## Performance Review

Fund performance for the quarter ending June 2024 was +4.43% (net of fees), versus the benchmark return of +1.08%, as measured by the Reserve Bank of Australia Cash Rate.

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

At a stock level, the key contributors for the quarter were our positions in Life 360, Origin Energy, Regis, and Ampol. The key detractors for the quarter were positions in Block, Boss Energy, Netwealth, Commonwealth Bank, and Northern Star Resources.

As at 30 June 2024, the Fund was positioned long 51% and short 64%, for net short exposure of -14% and a gross exposure of 115%.

## Outlook

Headline inflation is peaking 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 and the ECB. While we continue to see the propensity for central banks to cut rates as inflation returns to target, however, inflation in Australia is increasing on the margin and the RBA tightened less than other central banks. Consequently, we continue to see a risk that Australia will have higher rates for longer relative to other developed markets and note that there is a growing risk for an August rate increase.

Monetary policy is starting to dampen demand as we continue to observe mixed trading updates, but domestic inflation is still too high and has moved in the wrong direction all of the calendar year 2024 so far. Earnings and share price volatility remains as recent trading updates continue to show mixed top line and cost pressures. We do see opportunities and are positioned for earnings growth in select names despite the lagging impact of monetary tightening hits real GDP via weaker demand (consumer sentiment revisiting GFC lows, real wages going further negative, lower corporate earnings) and higher cost of debt (both higher reference rates and wider credit spreads).

## 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							8.05

## Strategy

Overall, we continue to expect heightened volatility as inflation peaks, tighter monetary policy impacts the economy, and as we 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 added to some of these existing positions while appropriately hedging our positions to help preserve capital amidst heightened volatility and any potential weakness in domestic cyclicals.

## Returns as at 30 June 2024

Period	Fund % Net	Bench- mark <sup>1</sup> %	Out/Under Performance %
1 month	1.88	0.33	1.56
3 months	4.43	1.08	3.36
6 months	8.05	2.14	5.91
1 year	8.25	4.24	4.01
2 years pa	0.79	3.59	-2.80
3 years pa	4.30	2.43	1.86
Since inception pa Date: 29 September 2020	8.14	1.97	6.17

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

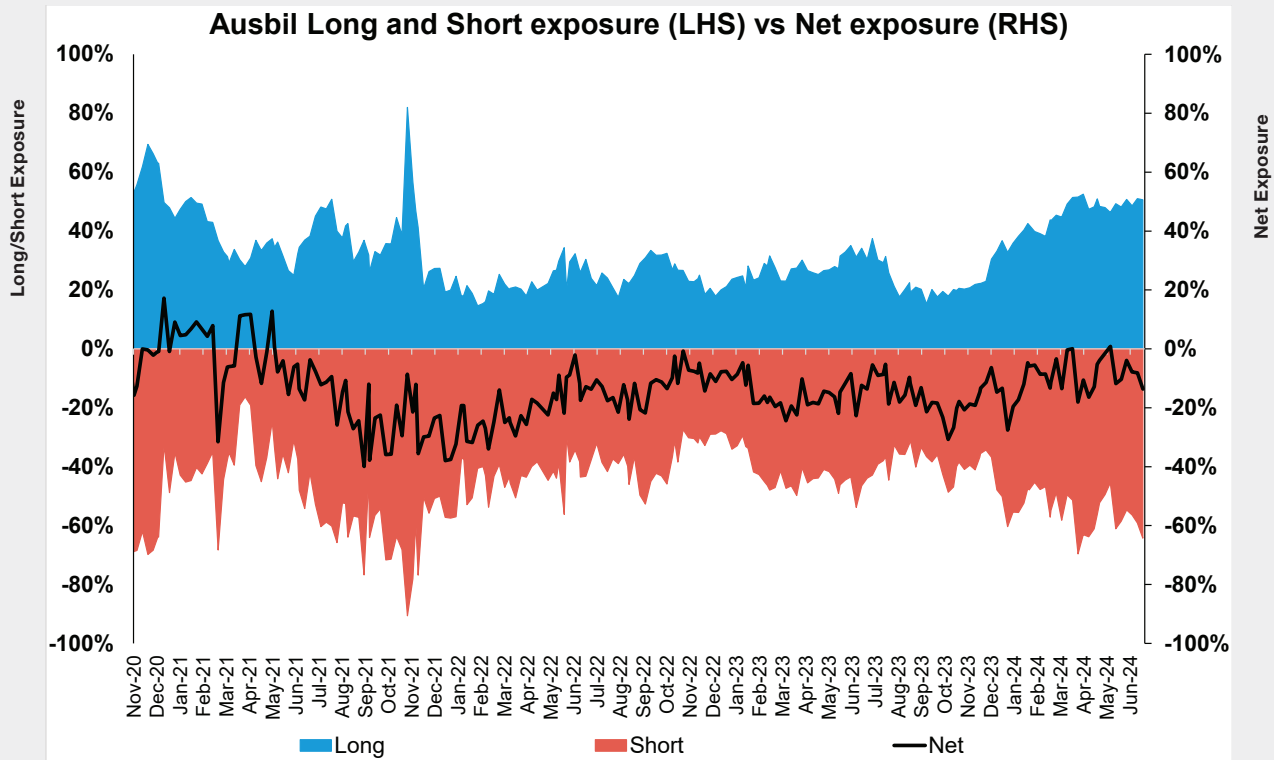
## Fund Market Exposure<sup>2</sup>

Exposure (month end)	%
Long	50.61
Short	-64.27
Net	-13.66
Gross	114.87

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



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