

Ausbil Active Dividend Income Fund

Monthly performance update

January 2024

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'We have entered reporting season and will see how the market has responded to the plateauing of rates and the elevated inflation levels of the last 6-months'

Performance Review

Fund performance for January 2024 was +0.99% (net of fees), versus the benchmark return of +1.19%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in ResMed, Helia Group, Aristocrat Leisure, CSL and NIB Holdings contributed to relative performance. The underweight position in Transurban Group and the nil positions in Arcadium Lithium, Mineral Resources, Domino's Pizza and Liontown Resources also added value. Conversely, the overweight positions in 29Metals, Evolution Mining, IGO, Worley, BHP and JB Hi-Fi detracted from relative performance. The underweight position in Westpac Bank, and the nil positions in QBE Insurance, Fortescue Metals and Paladin Energy, also detracted value.

Market Review

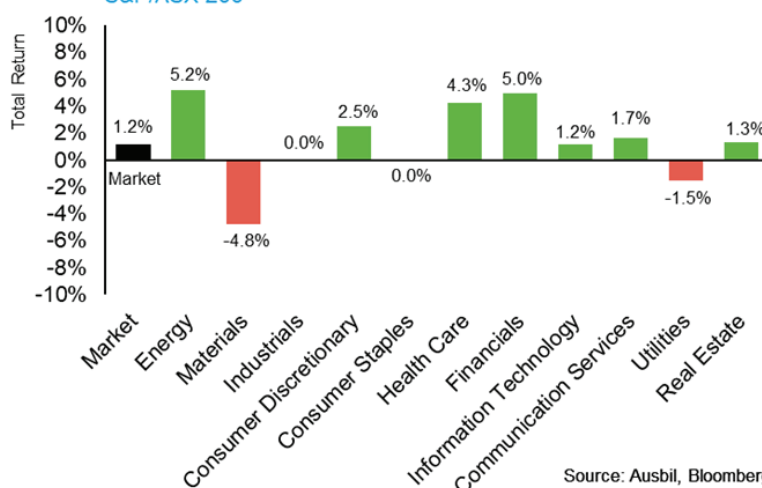
January closed with a better-than-expected inflation print ending a positive month on markets that returned +1.2% for the S&P/ASX 200 Accumulation Index, bringing the trailing market 1-year return to +7.1%. Inflation came in at a headline 4.1% on an annual basis for the December quarter, buoying market sentiment.

Globally, developed markets (MSCI World) outperformed emerging markets (MSCI EM). Japan was a positive outlier, with Hong Kong the negative outlier. Australia performed roughly in-line with developed markets.

At a sector level, Energy, Financials and Health Care delivered the strongest positives. However, Materials suffered from slowing global economic growth, as shown in the chart below.

Sector returns – January 2024

S&P/ASX 200



Source: Ausbil, Bloomberg

Fund Characteristics

Returns¹ as at 31 January 2024

Period	Distribution Return ² % Net	Growth Return % Net	Total Return % Net	Bench-mark ³ % Net	Excess Return ⁴ % Net
1 month	0.46	0.53	0.99	1.19	-0.20
3 months	1.49	9.86	11.35	13.99	-2.64
6 months	2.75	1.39	4.14	5.79	-1.65
1 year	5.78	-1.72	4.06	7.09	-3.03
2 years pa	6.86	0.59	7.44	9.62	-2.18
3 years pa	6.83	1.61	8.44	9.56	-1.13
4 years pa	5.70	0.02	5.72	6.24	-0.53
5 years pa	7.01	2.66	9.67	9.71	-0.04
Since inception pa Date: July 2018	6.44	1.95	8.39	8.01	0.38

Top 10 Stock Holdings

Name	Fund %	Index ³ %	Tilt %
Commonwealth Bank	11.95	8.61	3.34
BHP	10.66	10.48	0.18
CSL	7.69	6.37	1.31
Woodside Energy Group	5.04	2.69	2.35
Wesfarmers	4.87	2.88	1.99
National Australia Bank	4.83	4.46	0.37
Macquarie Group	4.46	2.99	1.46
Rio Tinto	4.31	2.16	2.15
Telstra	4.07	2.04	2.03
Goodman Group	3.26	1.93	1.33

Sector Tilts

Sector	Fund %	Index ³ %	Tilt %
Energy	8.60	5.21	3.39
Materials	23.09	23.76	-0.66
Industrials	2.94	6.72	-3.78
Consumer Discretionary	9.47	6.87	2.60
Consumer Staples	4.31	4.18	0.13
Health Care	9.03	9.90	-0.87
Financials	31.44	29.42	2.02
Information Technology	0.00	2.37	-2.37
Communications Services	4.07	3.96	0.12
Utilities	1.82	1.35	0.47
Real Estate	4.51	6.25	-1.74
Cash	0.70	0.00	0.70
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes and exclude franking credits.
2. The 2018/2019 distribution was 92% franked. The 2019/2020 distribution was 70% franked. The 2020/2021 distribution was 71% franked. The 2021/2022 distribution was 93% franked. The 2022/2023 distribution was 85% franked.
3. S&P/ASX 200 Accumulation Index.
4. Excess returns are net of fees but before taxes and exclude franking credits.



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Outlook

We have entered reporting season and will see how the market has responded to the plateauing of rates and the elevated inflation levels of the last 6-months. Ausbil expects that economic growth will stabilise and improve in 2024, as will be the case for earnings growth.

On balance, we see potential upside relative to consensus driven by better than forecast commodity prices, particularly for the bulks and energy. In the non-resource sectors, better earnings growth outcomes are likely in the health care, technology, telecommunications, commercial services, and to a lesser extent the banking sector.

While rising rates had punished technology names across 2022, the plateauing and normalisation of rates as well as cost-out programs saw them re-rating in 2023. Ausbil sees technology as a potential earnings rerate in FY24, however, as most are long duration growth assets, the impact will be variable.

Ausbil maintains a constructive view on critical and base metals for the long rotation from fossil fuels to renewables in the great decarbonisation, and the electrification-of-things, with the steady switch from combustion and fossil fuel power to renewable electricity generation. This is a long game which requires a significant amount of investment. Service companies associated with the cap-ex investment needed for this energy transition are also attractive.

Monthly Distributions

	Ex-Price (mid) 30 June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ex-Price (mid) 30 June	Total CPU	Franking Credit Per Unit	Franking Level
FY 2019	\$1.000000	0.45	0.45	0.45	0.44	0.44	0.44	0.44	4.77	0.44	0.44	0.44	2.43	\$1.019293	11.63	4.58	92%
FY 2020	\$1.019293	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.54	\$0.893822	5.60	1.67	70%
FY 2021	\$0.893822	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	1.15	\$1.099169	5.00	1.52	71%
FY 2022	\$1.099169	0.46	0.46	0.46	2.00	0.46	0.46	0.46	0.46	0.46	0.46	0.46	3.56	\$0.954105	10.16	4.07	93%
FY 2023	\$0.954105	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	1.00	\$1.003187	6.06	2.20	85%
FY 2024	\$1.003187	0.47	0.47	0.47	0.47	0.47	0.47	0.47									

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