

Ausbil Active Dividend Income 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 -0.65% (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, Financials, Communication Services and Utilities sectors contributed to relative performance. The underweight position in the Industrials sector also added value. Conversely, the overweight positions in the Energy and Consumer Discretionary sectors detracted value. The underweight positions in the Consumer Staples, Health Care, Information Technology and Real Estate sectors also detracted value.

At a stock level, the overweight positions in Origin Energy, Pinnacle Investment Management Group, National Australia Bank, AGL Energy, Westpac Bank, Suncorp, Aristocrat Leisure and Goodman Group contributed to relative performance. The underweight position in Fortescue Metals and the nil position in Mineral Resources also added value. Conversely, the overweight positions in IGO, Pilbara Minerals, James Hardie, Metcash and BlueScope Steel detracted from relative performance. The underweight positions in Commonwealth Bank, Woolworths and Newmont Corporation, and the nil positions in South32 and Pro Medicus also detracted value.

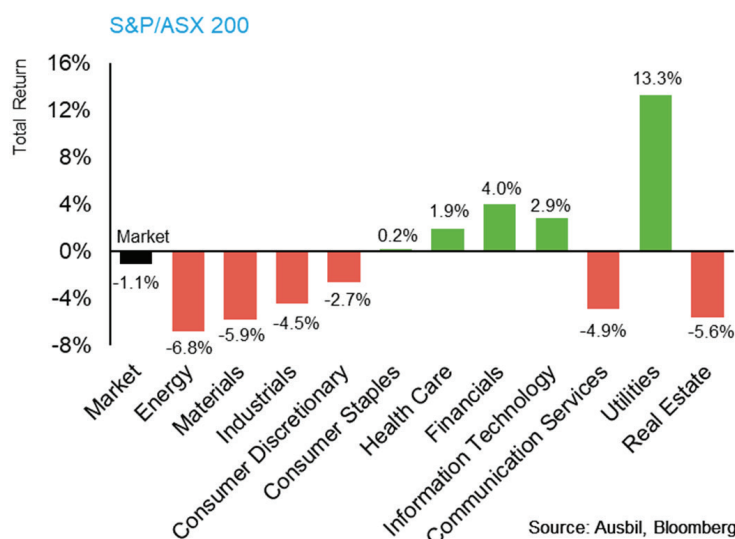
Market Review

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	Distribution Return ² % Net	Growth Return % Net	Total Return % Net	Bench-mark ³ % Net	Excess Return ⁴ % Net
1 month	0.42	1.05	1.47	1.01	0.46
3 months	1.29	-1.94	-0.65	-1.05	0.40
6 months	2.70	0.99	3.69	4.22	-0.54
1 year	5.58	4.10	9.68	12.10	-2.43
2 years pa	5.93	4.73	10.66	13.43	-2.78
3 years pa	6.22	-0.81	5.41	6.37	-0.96
4 years pa	6.78	4.13	10.91	11.36	-0.46
5 years pa	5.68	1.37	7.05	7.26	-0.22
Since inception pa Date: July 2018	6.27	1.99	8.26	7.96	0.29

Top 10 Stock Holdings

Name	Fund %	Index ³ %	Tilt %
BHP	10.66	9.37	1.29
Commonwealth Bank	9.32	9.23	0.09
CSL	7.10	6.17	0.92
National Australia Bank	5.64	4.86	0.78
Macquarie Group	4.45	3.15	1.29
Goodman Group	4.33	2.60	1.73
Westpac Bank	4.20	4.09	0.11
ANZ Bank	3.67	3.68	0.00
Wesfarmers	3.52	3.20	0.32
Telstra	2.88	1.81	1.07

Sector Tilts

Sector	Fund %	Index ³ %	Tilt %
Energy	5.87	5.06	0.81
Materials	20.68	20.51	0.16
Industrials	3.01	5.97	-2.96
Consumer Discretionary	8.76	7.05	1.72
Consumer Staples	2.72	4.15	-1.43
Health Care	8.52	10.07	-1.55
Financials	34.26	32.25	2.01
Information Technology	0.00	4.61	-4.61
Communications Services	2.88	2.26	0.62
Utilities	3.52	1.54	1.98
Real Estate	8.25	6.53	1.72
Cash	1.53	0.00	1.53
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. The 2023/2024 was 80% 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

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.

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	0.47	0.47	0.47	0.47	0.43	\$1.041421	5.60	1.92	80%

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