

Ausbil 130/30 Focus Fund

Monthly performance update

August 2019

Ausbil Investment
Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200
Fax 61 2 9259 0222

'The Australian equity market had its first month of negative performance this year, following a disappointing reporting season and uncertainty lingering with the protracted US-China trade war.'

Fund performance for August 2019 was -1.96% (net of fees) versus the benchmark return of -2.36%, as measured by the S&P/ASX 200 Accumulation Index.

During the month, at a sector level, the Fund benefited from an overweight position in the Health Care sector. The underweight positions in the Materials, Industrials and Communication Services sectors also added value. Conversely, the overweight positions in the Energy and Utilities sectors detracted from relative performance. The underweight positions in the Consumer Discretionary, Consumer Staples, Financials, Information Technology and Real Estate sectors also detracted from relative performance.

The Fund's largest short positions were in selected stocks within the Health Care, Materials and Industrials sectors.

At a stock level, the Fund benefited from overweight positions in Charter Hall Group, CSL, Lendlease, Aurizon Holdings, Treasury Wine Estates, Sonic Healthcare and QBE Insurance. The underweight positions in Brambles and Bellamy's, and the nil position in South32 also added value. Conversely, the overweight positions in Northern Star Resources, Synlait Milk, James Hardie, Seven Group, BHP and Lynas detracted from relative performance. The underweight positions in Scentre Group, Afterpay Touch and Woolworths, and the nil holding in Suncorp detracted from relative performance.

Market Review

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had its first negative month this year, returning -2.4%. Globally, the Developed (MSCI World: -2.0%) outperformed the Emerging (MSCI EM: -4.8%) equity markets. Within Developed markets, the UK (FTSE 100: -4.1%) underperformed the European (EURO STOXX: -1.3%) and US (S&P 500: -1.6%) markets.

Domestically, mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: -2.3%) and large-cap stocks (S&P/ASX 20 Accumulation Index: -2.9%) outperformed small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: -3.9%).

Outlook

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had its first month of negative performance (-2.4% in August) this year, following a disappointing reporting season and uncertainty lingering with the protracted US-China trade war.

Just as the equity market surpassed its pre-GFC highs at the end of July, investors were rattled once again with Trump proposing to add a new 10% tariff on further Chinese imports (worth \$300bn) at the start of August. China responded three weeks later with a retaliatory tariff on US goods (worth \$75bn). Tensions remain elevated going into September with both the US and China beginning to impose additional tariffs.

Following the reporting season, we turn our focus to the Annual General Meeting (AGM) season where companies update the market on business performance and earnings guidance. Corporate governance, executive remuneration and changes in company management are some of the topical issues for discussion.

Fund Characteristics

Returns¹ as at 31 August 2019

Period	Fund Return ¹ %	Bench- mark ²	Out/Under performance %
1 month	-1.96	-2.36	0.39
3 months	5.90	4.23	1.67
6 months	9.19	9.33	-0.14
FYTD	0.65	0.52	0.14
CYTD	19.33	20.34	-1.02
1 year	7.79	9.04	-1.25
3 years pa	11.73	11.38	0.35
5 years pa	9.00	7.90	1.10
7 years pa	12.74	11.02	1.72
Since inception pa Date: July 2010	10.19	9.15	1.04

Market Exposure

	% of Fund
Long	99.00
Short	-5.32
Net	93.68

Top 10 Stock Holdings

	Fund %	Index %	Tilt %
CSL	8.21	6.21	1.99
BHP	7.58	6.09	1.48
Commonwealth Bank	6.93	7.93	-1.00
National Australia Bank	5.50	4.26	1.24
Westpac Bank	5.05	5.53	-0.48
Macquarie Group	4.73	2.23	2.50
Transurban Group	3.72	2.22	1.50
Goodman Group	3.54	1.33	2.21
ANZ Bank	3.42	4.41	-0.99
Santos	3.25	0.72	2.52

Sector Tilts

	Fund %	Index %	Tilt %
Energy	5.26	4.90	0.36
Materials	16.46	17.42	-0.96
Industrials	7.45	8.36	-0.91
Consumer Discretionary	3.21	6.62	-3.41
Consumer Staples	4.22	5.97	-1.75
Health Care	10.90	9.46	1.44
Financials	30.89	31.51	-0.62
Information Technology	0.69	3.15	-2.46
Communication Services	1.54	2.89	-1.35
Utilities	2.70	1.85	0.85
Real Estate	10.35	7.88	2.48
Cash	6.32	0.00	6.32
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.

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.

Ausbil, as the Responsible Entity of Ausbil 130/30 Focus Fund, has appointed J.P. Morgan Securities Australia Limited (ABN 61 003 245 234) and Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832) as securities lenders pursuant to an industry standard Australian Master Securities Lending Agreement (AMSLA) (Agreement). 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.

Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil 130/30 Focus Fund (ARSN 124 196 621) (Fund). References to Ausbil 130/30 Focus Fund or Fund are to the wholesale class (formerly known as the retail class) unit in the Fund. This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at **www.ausbil.com.au** before acquiring or investing in the fund.