

Ausbil 130/30 Focus Fund

Monthly performance update

February 2017

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'Large-cap stocks outperformed'

Performance Review

Fund performance for February 2017 was 2.07% versus the benchmark return of 2.25%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Financials, Information Technology and Materials sectors.

Market Review

The Australian equity market (S&P/ASX 200 Accumulation Index) returned 2.3% in February 2017. Global equity markets outperformed the domestic market (MSCI World: +2.8%, MSCI Emerging: +3.1%, S&P 500: +4.0%, STOXX Europe 600: +3.1% and FTSE 100: +3.1%), despite some strong results by the domestic large-cap cyclicals. For this year-to-date, global equity markets continue to outperform Australian equities (MSCI World: +5.3%, MSCI Emerging: +8.7%, S&P 500: +5.9%, STOXX Europe 600: +2.8%, FTSE 100: +2.5%, versus S&P/ASX 200: +1.4%).

Domestically, large-cap stocks (S&P/ASX 20 Accumulation Index: +2.4%) outperformed, while mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +1.5%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +1.3%) underperformed. Within the Australian equity market, Consumer Staples (+6.0%), Banks (+4.6%), Real Estate Investment Trusts (REITs: +4.3%), Health Care (+3.9%) and Utilities (+3.1%) outperformed. The underperforming sectors were Metals & Mining (-3.8%), Telecommunication Services (-3.2%), Energy (-2.1%) and Media (+1.3%).

Outlook

Global equity markets have been performing strongly in anticipation of President Trump's plans to increase spending, cut taxes and revive the United States' economic growth path. His major initiatives (infrastructure, defense, domestic manufacturing and bilateral trade agreements with each country instead of multilateral free-trade agreements) are the primary drivers of forward earnings upgrades, but are yet to eventuate. Although President Trump's initiatives have been viewed as a positive for equity markets, his criticism of free trade and immigration is expected to create profitability headwinds for companies with a global footprint. Uncertainty around the timing and execution of his policies has also started weighing on earnings estimates.

The US Federal Reserve (Fed) has cautioned investors that gradual rate hikes are prudent as the economy recovers, with the probability of the Fed raising interest rates in March 2017 having increased from 20% to more than 80%.

Fund Characteristics

Returns¹ as at 28 February 2017

Period	Fund Return %	Benchmark ² %	Out/Under performance %
1 month	2.07	2.25	-0.18
3 months	6.18	5.88	0.30
FYTD	14.23	12.19	2.04
CYTD	1.66	1.44	0.22
1 year	28.49	22.13	6.36
3 years pa	7.05	6.47	0.58
5 years pa	12.50	10.64	1.86
Since inception pa Date: July 2010	10.09	8.59	1.50

Market Exposure

	% of Fund
Long	101.03%
Short	-6.88%
Net	94.14%

Top 10 Stock Holdings

	Fund %	Index %	Tilt %
Commonwealth Bank	9.84	9.42	0.42
Westpac	9.00	7.51	1.49
BHP Billiton	5.84	5.33	0.51
ANZ Bank	5.49	6.02	-0.52
National Australia Bank	5.13	5.67	-0.54
CSL	4.59	3.57	1.01
Telstra	4.30	3.82	0.47
Macquarie Group	3.47	1.96	1.51
Woolworths	3.15	2.20	0.95
Wesfarmers	3.14	3.21	-0.07

Sector Tilts

	Fund %	Index %	Tilt %
Energy	4.57	4.17	0.40
Materials	17.08	16.06	1.02
Industrials	3.58	6.78	-3.20
Consumer Discretionary	2.96	4.75	-1.79
Consumer Staples	9.68	6.96	2.72
Health Care	6.89	6.87	0.02
Financials	36.13	38.21	-2.07
Information Technology	3.82	1.11	2.71
Telecommunication Services	4.30	4.25	0.04
Utilities	1.57	2.65	-1.08
Real Estate	3.56	8.19	-4.63
Cash	5.86	0.00	5.86
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes
2. 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 – retail class' net performance returns are available at www.ausbil.com.au/performance-tables. There has been no changes in the in the key service providers, related party status of the Fund, the Fund's risk profile, the Fund's strategy and the investment team.

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