

# Ausbil 130/30 Focus Fund

## Monthly performance update

January 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 a positive month, returning +3.9% as the market recovered from the weakness in the previous quarter.'

### Performance Review

Fund performance for January 2019 was 4.38% (net of fees) versus the benchmark return of 3.87%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Real Estate, Communication Services and Consumer Staples sectors.

At a stock level, the Fund benefited from overweight positions in Santos, Newcrest Mining, BlueScope Steel, Aristocrat Leisure, Charter Hall and Goodman Group. The underweight positions in Costa Group, Challenger, Wesfarmers and Westpac also added value. Conversely, the overweight positions in Reliance Worldwide, ResMed and Ramsay Health Care detracted from relative performance. The underweight positions in Fortescue Metals Group, WiseTech Global and Beach Energy also detracted value.

### Market Review

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had a positive month, returning +3.9% as the market recovered from the weakness in the previous quarter. Globally, Emerging equity markets (MSCI EM: +8.8%) outperformed the Developed (MSCI World: +7.8%) equity markets. Within Developed markets, the US (S&P500: +8.0%) outperformed the European (EURO STOXX: +6.3%) and the UK (FTSE100: +3.6%) markets.

Domestically, the small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +5.6%) outperformed the mid-cap (S&P/ASX MidCap 50 Accumulation Index: +4.5%) and large-cap segments (S&P/ASX 20 Accumulation Index: +2.5%).

### Outlook

As we head into the domestic earnings reporting season, markets have remained watchful of governments, especially in the exercise of fiscal and monetary policy, to navigate the recent uncertainty and volatility in global economic outlook and trade.

In the US, the Federal Reserve issued a statement which indicated a dovish outlook on rate guidance and the balance sheet off the back of "muted" inflation, and a healthy supply of reserves. This positive sentiment is mirrored elsewhere with Trump's reopening of the government in the hope of successful negotiations within Congress. However, the potential negative effects of this shutdown remain vague, especially with US labour markets remaining tight. Domestically, unemployment (5.1%) and core inflation (1.8%) remain low.

### Fund Characteristics

Returns<sup>1</sup> as at 31 January 2019

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup>	Out/Under performance %
1 month	4.38	3.87	0.51
3 months	1.27	1.45	-0.19
6 months	-4.56	-4.55	-0.01
FYTD	-4.65	-3.23	-1.42
CYTD	4.38	3.87	0.51
1 year	0.28	1.37	-1.09
3 years pa	12.02	10.09	1.93
5 years pa	8.02	7.10	0.92
7 years pa	10.83	9.43	1.40
Since inception pa Date: July 2010	9.20	7.93	1.27

### Market Exposure

	% of Fund
Long	97.49
Short	-5.51
Net	91.98

### Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	7.88	6.57	1.30
Commonwealth Bank	7.63	7.89	-0.26
CSL	7.57	5.65	1.92
ANZ Bank	4.14	4.64	-0.51
Westpac Bank	4.09	5.41	-1.32
Macquarie Group	3.85	2.36	1.48
National Australia Bank	3.21	4.17	-0.96
Woolworths	3.20	2.47	0.73
Transurban Group	3.03	2.03	0.99
Santos	2.91	0.73	2.18

### Sector Tilts

	Fund %	Index %	Tilt %
Energy	7.11	5.69	1.42
Materials	18.72	18.52	0.20
Industrials	6.14	7.93	-1.79
Consumer Discretionary	2.92	6.72	-3.80
Consumer Staples	6.76	5.71	1.05
Healthcare	11.14	8.77	2.37
Financials	25.97	31.42	-5.45
IT	1.20	2.82	-1.61
Communication Services	2.38	2.82	-0.44
Utilities	3.17	2.07	1.10
Real Estate	6.46	7.54	-1.08
Cash	8.02	0.00	8.02
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

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](http://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](http://www.ausbil.com.au/performance-tables). There has been no changes to the key service providers, related party status of the Fund, the Fund's risk profile, the Fund's strategy and 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

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