

Ausbil 130/30 Focus Fund

Monthly performance update

July 2019

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'The Australian equity market had a positive month, returning +3.0%, building on a strong June quarter'.

Performance Review

Fund performance for July 2019 was +2.67% (net of fees) versus the benchmark return of +2.94%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Health Care, Consumer Discretionary and Communication Services sectors.

At a stock level, the Fund benefited from overweight positions in Treasury Wine Estates, The a2 Milk Company, CSL, Newcrest Mining, BlueScope Steel, Synlait Milk, Nufarm and Charter Hall. The underweight position in Cimic Group, and the nil holding in AMP also added value. Conversely, the overweight positions in Fortescue Metals, Goodman Group, BHP, Seven Group and Aristocrat Leisure detracted from relative performance. The underweight positions in Wesfarmers, Magellan Financial Group and James Hardie detracted from relative performance.

Market Review

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) had a positive month, returning +3.0%, building on a strong June quarter. Globally, the Developed (MSCI World: +0.5%) outperformed the Emerging (MSCI EM: -1.1%) equity markets. Within Developed markets, the UK (FTSE 100: +2.2%) outperformed the European (EURO STOXX: +0.2%) and US (S&P 500: +1.4%) markets.

Domestically, small-cap (S&P/ASX Small Ordinaries Accumulation Index: +4.5%) and mid-cap (S&P/ASX MidCap 50 Accumulation Index: +4.9%) stocks outperformed the large-cap stocks (S&P/ASX 20 Accumulation Index: +1.8%).

Outlook

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) continued its streak of positive performance (+3.0% for the month of July) to sail past the previous all-time high set in 2007, before the Financial Crisis. This has been predominantly driven by a low interest rate environment and potential further easing of monetary policy by central banks in a period of softer economic data and weaker earnings expectations ahead of the August reporting season.

Domestically, economic data released in July for the month of June has been generally soft with weaker business confidence (NAB Business Confidence Index: down from 7 to 2), credit growth (+0.1%) and building approvals (-1.2%), despite strong employment growth (+21.1k growth full time jobs). Nevertheless, the Australian equity market has remained defiant against a dovish monetary backdrop and with momentum in Materials, with iron ore and gold remaining strong. Valuations will likely be challenged across various sectors with this historic run, especially with the upcoming reporting season and global downside risks continuing to provide a cautionary backdrop.

Fund Characteristics

Returns¹ as at 31 July 2019

Period	Fund Return ¹ %	Bench- mark ²	Out/Under performance %
1 month	2.67	2.94	-0.27
3 months	9.27	8.58	0.69
6 months	16.61	18.66	-2.04
FYTD	2.67	2.94	-0.27
CYTD	21.72	23.25	-1.53
1 year	11.29	13.26	-1.96
3 years pa	11.60	11.68	-0.08
5 years pa	9.26	8.55	0.71
7 years pa	13.29	11.74	1.55
Since inception pa Date: July 2010	10.54	9.53	1.00

Market Exposure

	% of Fund
Long	94.81
Short	-2.76
Net	92.05

Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	7.09	6.63	0.47
Commonwealth Bank	6.98	8.00	-1.02
CSL	6.72	5.74	0.98
National Australia Bank	5.27	4.30	0.97
ANZ Bank	4.95	4.46	0.49
Westpac Bank	4.66	5.43	-0.77
Macquarie Group	4.25	2.25	2.00
Transurban Group	3.26	2.24	1.02
Rio Tinto	3.03	2.03	1.00
Aristocrat Leisure	2.94	1.08	1.86

Sector Tilts

	Fund %	Index %	Tilt %
Energy	5.83	5.05	0.78
Materials	17.19	18.54	-1.34
Industrials	8.09	8.31	-0.22
Consumer Discretionary	3.95	6.49	-2.54
Consumer Staples	5.45	5.82	-0.36
Health Care	8.80	8.79	0.02
Financials	29.87	31.62	-1.75
Information Technology	0.59	3.04	-2.45
Communication Services	2.41	2.99	-0.58
Utilities	2.86	1.87	0.99
Real Estate	6.99	7.48	-0.49
Cash	7.95	0.00	7.95
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.

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