

Ausbil 130/30 Focus Fund

Quarterly performance update

June 2019

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'The Australian equity market continued its strong performance in the June quarter of 2019'

Performance Review

Fund performance for the June quarter was +7.77% (net of fees) versus the benchmark return of +7.97%, as measured by the S&P/ASX 200 Accumulation Index.

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

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

At a stock level, the Fund benefited from overweight positions in Service Stream, Aristocrat Leisure, Newcrest Mining, APA Group and Goodman Group. The underweight positions in South32, Scentre Group, Hub24, Suncorp Group and Oil Search also added value. Conversely, the overweight positions in Synlait Milk, Nufarm, Graincorp, GPT Group, QBE Insurance and Macquarie Group detracted from relative performance.

Market Review

The Australian equity market (represented by the S&P/ASX 200 Accumulation Index), continued its strong performance in the June quarter of 2019 to return +8.0%. Globally, Australian equities outperformed developed markets: UK (FTSE 100: +3.3%), US (S&P 500: +4.3%), Europe (EURO STOXX: +4.8%) and emerging markets (MSCI Emerging: +0.7%).

Domestically, large-cap stocks (S&P/ASX 200 Accumulation Index: +9.2%) outperformed the mid-cap (S&P/ASX MidCap 50 Accumulation Index: +4.9%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +3.7%).

Outlook

Global uncertainties have been tempered slightly following the G20 Osaka Summit and delays in the potential US-China trade deal, though risks of unexpected shocks remain. Despite the ongoing macroeconomic risks, the current economic environment is supportive of further equity growth in the form of expansionary government policies and muted inflationary pressures. Interest rate expectations have been at an all-time low, reflected by decreasing 10-year government bond yields over the quarter (Australia: 1.8% to 1.3%, US: 2.4% to 2%, and Germany: -0.1% to -0.3%). In both the Eurozone and the US, the market has priced in rate cuts this year. The RBA has already cut interest rates from 1.5% by 25bps in June, and a further 25bps in July to a record low of 1% which will "support employment growth" and "provide greater confidence" that inflation will meet the targeted range over time. Despite lagging its global counterparts for the month of June, Australian equities have led in performance for both the quarter and calendar year. Domestic business confidence has rebounded well due to the aforementioned easing of political tensions but also off the back of an unexpected victory by the Coalition.

Fund Characteristics

Returns¹ as at 30 June 2019

Period	Fund Return ¹ %	Bench- mark ²	Out/Under performance %
1 month	5.21	3.70	1.51
3 months	7.77	7.97	-0.21
6 months	18.55	19.73	-1.17
FYTD	8.30	11.55	-3.25
CYTD	18.55	19.73	-1.17
1 year	8.30	11.55	-3.25
3 years pa	13.35	12.88	0.47
5 years pa	9.46	8.85	0.61
7 years pa	13.65	11.95	1.70
Since inception pa Date: July 2010	10.32	9.27	1.04

Market Exposure

	% of Fund
Long	97.73
Short	-5.07
Net	92.66

Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	8.40	6.89	1.51
Commonwealth Bank	8.17	8.28	-0.12
CSL	7.47	5.53	1.93
Westpac Bank	4.77	5.54	-0.77
ANZ Bank	4.61	4.64	-0.04
Macquarie Group	4.19	2.26	1.93
National Australia Bank	4.16	4.15	0.02
Rio Tinto	3.72	2.19	1.53
Woolworths Group	3.48	2.48	1.00
Goodman	3.33	1.37	1.96

Sector Tilts

	Fund %	Index %	Tilt %
Energy	5.44	5.13	0.31
Materials	19.50	18.90	0.59
Industrials	7.87	8.27	-0.40
Consumer Discretionary	1.87	6.37	-4.50
Consumer Staples	6.70	5.45	1.25
Health Care	8.94	8.54	0.40
Financials	28.96	32.01	-3.04
Information Technology	0.91	2.99	-2.08
Communication Services	2.63	3.01	-0.38
Utilities	2.14	1.89	0.25
Real Estate	7.71	7.45	0.26
Cash	7.34	0.00	7.34
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, 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.

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