

Ausbil 130/30 Focus Fund

Quarterly performance update

March 2019

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Performance Review

Fund performance for the March 2019 quarter was +10.01% (net of fees) versus the benchmark return of 10.89%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were from selected stocks within the Information Technology, Industrials and Consumer Discretionary sectors.

At a stock level, the Fund benefited from overweight positions in Goodman Group, Santos, BlueScope Steel, Charter Hall Group, QBE Insurance, Newcrest Mining and Rio Tinto. The underweight positions in Costa Group Holdings, Bendigo and Adelaide Bank and AMP also added value. Conversely, the overweight positions in CSL, Treasury Wine Estates, Computershare, Woolworths, Nufarm and Ramsay Health Care detracted from relative performance. The underweight positions in Magellan Financial Group, WiseTech Global, Fortescue Metals and Mirvac also detracted value.

Market Review

In the first quarter of 2019, the Australian equity market (represented by the S&P/ASX 200 Accumulation Index) delivered its best quarterly performance since September 2009, to return +10.9%. Globally, Australian equities outperformed the UK (FTSE100: +9.5%) and Emerging markets (MSCI Emerging: +10.0%), but underperformed the US (S&P500: +13.6%) and European markets (EURO STOXX: +12.2%).

Domestically, small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +12.6%) outperformed the large-cap (S&P/ASX 200 Accumulation Index: +10.9%) and mid-cap (S&P/ASX MidCap 50 Accumulation Index: +9.8%) stocks.

Outlook

Challenging conditions continue to temper optimism, and global downside risks remain. Lower interest rate expectations contrast with strong quarterly performance within commodity and equity markets.

Equity and commodity markets have been much more optimistic over the quarter. The Australian equity market (represented by the S&P/ASX 300 Accumulation Index) delivered its best quarterly performance since September 2009. Meanwhile, commodity prices have been strongly supported by supply-side constraints, and Chinese infrastructure stimulus and reforms. Lower energy exploration capital expenditure, and the curbing of oil production from OPEC members, have contributed to rising energy prices. Hits to supply on the back of Cyclone Veronica, and the Vale mining disaster, have not only increased iron ore prices (+19.9% over the quarter) but have amplified expectations for prices to further elevate.

Fund Characteristics

Returns¹ as at 31 March 2019

Period	Fund Return ¹ %	Bench- mark ²	Out/Under performance %
1 month	0.66	0.73	-0.07
3 months	10.01	10.89	-0.88
6 months	0.93	1.75	-0.82
FYTD	0.50	3.31	-2.81
CYTD	10.01	10.89	-0.88
1 year	8.39	12.06	-3.68
3 years pa	13.16	11.46	1.71
5 years pa	7.47	7.40	0.07
7 years pa	11.27	9.97	1.30
Since inception pa Date: July 2010	9.68	8.59	1.09

Market Exposure

	% of Fund
Long	99.95
Short	-7.00
Net	92.95

Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	8.39	6.90	1.49
CSL	7.42	5.37	2.05
Commonwealth Bank	6.13	7.57	-1.44
National Australia Bank	4.73	4.20	0.52
Macquarie Group	4.05	2.50	1.55
Westpac Bank	3.93	5.42	-1.50
Rio Tinto	3.73	2.21	1.52
ANZ Bank	3.64	4.59	-0.95
Goodman	3.31	1.30	2.01
Woodside Petroleum	3.25	1.97	1.28

Sector Tilts

	Fund %	Index %	Tilt %
Energy	5.48	5.43	0.05
Materials	21.19	18.95	2.25
Industrials	7.33	8.11	-0.78
Consumer Discretionary	1.33	6.68	-5.36
Consumer Staples	6.77	5.49	1.27
Healthcare	9.63	8.36	1.27
Financials	24.31	31.46	-7.15
IT	0.50	2.97	-2.46
Communication Services	2.63	2.87	-0.24
Utilities	4.07	2.01	2.06
Real Estate	9.70	7.66	2.04
Cash	7.05	0.00	7.05
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 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.

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