

# Ausbil 130/30 Focus Fund

## Monthly performance update

May 2019

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'The Australian equity market had another positive month, returning +1.7% despite higher volatility to outperform global equity markets'

### Performance Review

Fund performance for May 2019 was +1.15% (net of fees) versus the benchmark return of +1.71%, as measured by the S&P/ASX 200 Accumulation Index.

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

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

At a stock level, the Fund benefited from overweight positions in Aristocrat Leisure, APA Group, Evolution Mining and Medibank. The underweight positions in Costa Group Holdings, AGL Energy, HUB24, Oil Search, Sydney Airport and Reliance Worldwide also added value. Conversely, the overweight positions in Treasury Wine Estates, Synlait Milk, Macquarie Group, Nufarm, QBE Insurance, GrainCorp, WorleyParsons, Computershare and National Australia Bank detracted from relative performance. The underweight position in Stockland also detracted value.

### Market Review

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had another positive month, returning +1.7% despite higher volatility to outperform global equity markets (MSCI World: -5.7%, MSCI Emerging: -7.2%). All Developed markets delivered negative returns due to heightened uncertainty: US (S&P500: -6.4%), Europe (EURO STOXX: -5.4%) and UK (FTSE100: -2.9%).

Domestically, large-cap stocks (S&P/ASX 20 Accumulation Index: +2.8%) outperformed the market as well as mid-cap (S&P/ASX MidCap 50 Accumulation Index: -0.6%) and small-cap (S&P/ASX Small Ordinaries Accumulation Index: -1.3%) stocks.

### Outlook

The trade discussion between US and China is the key driver of longer-term earnings. Currently investors are looking to the G20 meetings for a resolution. It is likely that the resolution to the trade deal is delayed until both sides are able to find a mutually beneficial outcome. However, price action in global equity markets imply that coordinated central bank and fiscal stimulus can contain the negative impact of a trade war. In Europe, Brexit negotiations also present uncertainty for earnings outlook as the economic impact is again dependent on the terms of the agreement.

In Australia, the May 2019 Federal election provided stability of government which is expected to improve the outlook for domestic oriented businesses. The largest beneficiaries include the Banking, Consumer Discretionary and Real Estate sectors. Further domestic monetary and fiscal policy measures provide stimulus options for the Government and the RBA.

### Fund Characteristics

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

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup>	Out/Under performance %
1 month	1.15	1.71	-0.56
3 months	3.11	4.88	-1.78
6 months	13.74	15.32	-1.58
FYTD	2.93	7.57	-4.63
CYTD	12.68	15.46	-2.78
1 year	6.02	11.08	-5.06
3 years pa	10.70	10.60	0.10
5 years pa	7.84	7.74	0.10
7 years pa	12.84	11.47	1.37
Since inception pa Date: July 2010	9.79	8.92	0.87

### Market Exposure

	% of Fund
Long	95.18
Short	-4.76
Net	90.42

### Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	8.54	6.55	1.99
CSL	7.48	5.48	2.01
Commonwealth Bank	7.01	8.14	-1.13
ANZ Bank	5.46	4.75	0.70
National Australia Bank	5.19	4.26	0.93
Westpac Bank	4.53	5.55	-1.02
Macquarie Group	3.73	2.24	1.49
Telstra Corporation	3.71	2.56	1.15
Rio Tinto	3.19	2.19	0.99
Aristocrat Leisure	3.14	1.09	2.04

### Sector Tilts

	Fund %	Index %	Tilt %
Energy	4.68	5.20	-0.52
Materials	17.29	18.47	-1.18
Industrials	7.46	8.13	-0.67
Consumer Discretionary	3.87	6.83	-2.96
Consumer Staples	3.49	5.48	-1.99
Health Care	8.75	8.40	0.36
Financials	28.07	32.04	-3.98
Information Technology	1.46	2.98	-1.52
Communication Services	3.71	3.02	0.68
Utilities	2.72	1.91	0.81
Real Estate	8.92	7.53	1.39
Cash	9.58	0.00	9.58
<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 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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