

# Ausbil 130/30 Focus Fund

## Monthly performance update

November 2019

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'The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) strengthened in November, returning +3.3%'

### Performance Review

Fund performance for November 2019 was +3.61% (net of fees) versus the benchmark return of +3.28%, 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 Health Care and Energy sectors. The underweight positions in the Financials and Utilities sectors also added value. Conversely, the overweight positions in the Materials and Real Estate sectors detracted from relative performance. The underweight positions in the Industrials, Consumer Discretionary, Consumer Staples, Information Technology and Communication Services sectors also detracted value.

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

At a stock level, the Fund benefited from overweight positions in The a2 Milk Company, Caltex, James Hardie, Amcor, CSL, Ramsay Health Care and Computershare. The underweight position in Westpac also added value. Conversely, the overweight positions in Medibank, Atlas Arteria, Nufarm and Santos detracted from relative performance. The nil positions in Xero and Qantas also detracted value.

### Market Review

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) strengthened in November, returning +3.3%. Globally, the Developed (MSCI World: +2.8%) outperformed the Emerging (MSCI EM: -0.1%) equity markets. Within Developed markets, the US (S&P500: +3.6%) led the European (EURO STOXX: +2.8%) and the UK (FTSE100: +1.8%) markets.

Domestically, the mid-cap market (S&P/ASX MidCap 50 Accumulation Index: +4.1%) outperformed the large-cap (S&P/ASX 20 Accumulation Index: +2.7%) and small cap (S&P/ASX Small Ordinaries Accumulation Index: +1.6%) markets.

### Outlook

Despite the overall market strength in November, the Banking sector remained an anchor in equity markets. Consensus earnings continue to see downgrades on account of capital challenges and remediation costs amidst a low interest rate environment. Outside of Banks, investors will likely have to pay a premium for higher yields given the price-to-earnings expansion due to low earnings growth and interest rates. This is especially true for sectors which outperformed in November, namely the Information Technology and Health Care sectors.

As we head into the festive season, there will be a focus on the Retail sector and consumer spending. The Black Friday sales in late November kicked off a strong start for retailers, with a reported increase of over 30% from last year's Black Friday sales. Retailers will be looking for sales momentum leading into Christmas, despite the possibility of consumers pushing forward their Christmas shopping, and Black Friday occurring a week closer to Christmas compared to previous years.

On a broader level, recent data has pointed towards sluggish consumer spending with an increase of only +0.1% for 3Q19 (ABS), the lowest figure since 2008. Despite lower interest rates and tax cuts, consumers have been cautious and are opting to pay down debts over discretionary spending. Nonetheless, households are poised to benefit from lower mortgage rates which should boost spending.

### Fund Characteristics

#### Returns<sup>1</sup> as at 30 November 2019

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup>	Out/Under performance %
1 month	3.61	3.28	0.33
3 months	4.05	4.80	-0.75
6 months	10.19	9.24	0.95
FYTD	4.73	5.34	-0.62
CYTD	24.16	26.13	-1.97
1 year	25.33	25.98	-0.65
3 years pa	12.34	12.66	-0.33
5 years pa	11.14	9.90	1.24
7 years pa	12.50	10.88	1.61
Since inception pa Date: July 2010	10.38	9.45	0.93

### Market Exposure

	% of Fund
Long	100.33
Short	-5.74
Net	94.59

### Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	8.33	6.16	2.17
CSL	7.53	7.02	0.50
Commonwealth Bank	6.96	7.79	-0.83
Macquarie Group	4.36	2.39	1.97
ANZ Bank	4.17	3.94	0.23
Westpac	4.17	4.61	-0.44
Rio Tinto	4.07	1.97	2.11
National Australia Bank	3.59	4.09	-0.49
Goodman Group	3.52	1.30	2.22
Aristocrat Leisure	3.20	1.18	2.02

### Sector Tilts

	Fund %	Index %	Tilt %
Energy	8.14	5.27	2.87
Materials	19.35	17.44	1.91
Industrials	8.17	8.56	-0.38
Consumer Discretionary	4.76	6.90	-2.14
Consumer Staples	6.13	6.13	0.00
Health Care	9.18	10.51	-1.33
Financials	25.53	29.67	-4.14
Information Technology	1.54	3.18	-1.65
Communication Services	2.47	2.88	-0.42
Utilities	2.06	1.81	0.25
Real Estate	7.25	7.64	-0.39
Cash	5.41	0.00	5.41
<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, 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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