

Ausbil Australian Active Equity Fund

Monthly performance update

April 2019

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'Equity markets across the world have continued to reach record highs'

Performance Review

Fund performance for April 2019 was 2.10% (net of fees) versus the benchmark return of 2.46%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Aristocrat Leisure, Lendlease, QBE Insurance, Santos, Seven Group, The a2 Milk Company and Treasury Wine Estates added to relative performance. The underweight positions in GPT Group, Scentre Group and Suncorp also added value. Conversely, the overweight positions in BHP, BlueScope Steel, Evolution Mining, Fortescue Metals, Galaxy Resources, Independence Group, Rio Tinto and South32 detracted from relative performance. The underweight positions in Dulux Group and Magellan Financial Group also detracted value.

Market Review

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) had a positive month, returning +2.5%, building on a strong first quarter. Globally, the Developed (MSCI World: +3.6%) outperformed the Emerging (MSCI EM: +2.1%) equity market. Within Developed markets, Europe (EURO STOXX: +5.2%) outperformed the US (S&P500: +4.0%) and UK (FTSE100: +2.3%) markets.

Domestically, small-cap (S&P/ASX Small Ordinaries Accumulation Index: +4.1%) and mid-cap (S&P/ASX MidCap 50 Accumulation Index: +3.0%) stocks outperformed the large-cap stocks (S&P/ASX 20 Accumulation Index: +2.0%).

Outlook

Equity markets across the world have continued to reach record highs, with company earnings meeting expectations and the moderation of global uncertainty on several fronts. Although the trade talks between the US and China have been back and forth, with Trump stating that negotiations continue "but too slowly, as they (China) attempt to renegotiate", we ultimately believe that a trade deal is likely to be reached regardless of the possibility of increased tariffs for China. In Europe, Brexit negotiations have been extended to the end of October, conditional on UK participation in the election of the European Parliament on 23 May.

In Australia, the Federal budget has promised household income tax cuts and greater infrastructure spend ahead of the Australian Federal election on 18 May. Furthermore, zero inflation for the March quarter has reinforced market expectations of RBA rate cuts in the latter half of the year.

Fund Characteristics

Returns¹ as at 30 April 2019

Period	Fund Return ¹ %	Benchmark ² %	Out/Under performance %
1 month	2.10	2.46	-0.36
3 months	9.54	9.41	0.13
6 months	8.08	10.92	-2.84
FYTD	1.69	5.66	-3.96
CYTD	15.03	13.65	1.38
1 year	5.36	10.32	-4.96
3 years pa	10.57	11.07	-0.50
5 years pa	6.96	7.55	-0.59
7 years pa	10.38	9.96	0.42
10 years pa	9.93	9.91	0.02
15 years pa	9.93	8.80	1.12
20 years pa	9.76	7.99	1.77
Since inception pa Date: July 1997	10.08	8.28	1.79

Top 10 Stock Holdings

	Fund %	Index ² %	Tilt %
BHP	8.63	6.38	2.25
CSL	7.37	5.21	2.16
Commonwealth Bank	7.23	7.60	-0.37
QBE Insurance	5.60	1.02	4.57
Santos	5.47	0.73	4.74
Westpac Bank	4.49	5.48	-0.98
Rio Tinto	4.41	2.05	2.36
Macquarie Group	4.20	2.47	1.73
Woolworths	4.09	2.42	1.66
ANZ Bank	4.01	4.56	-0.55

Sector Tilts

Name	Fund %	Index ² %	Tilt %
Energy	5.47	5.44	0.03
Materials	22.47	18.10	4.37
Industrials	8.44	8.15	0.29
Consumer Discretionary	4.80	7.08	-2.29
Consumer Staples	8.36	5.77	2.59
Health Care	11.43	8.47	2.96
Financials	28.98	31.54	-2.56
Information Technology	1.75	3.12	-1.37
Communication Services	3.08	2.81	0.27
Utilities	0.00	1.95	-1.95
Real Estate	5.10	7.57	-2.47
Cash	0.13	0.00	0.13
Total	100.00	100.00	0.00

1.Fund returns are net of fees but before taxes.

2.The benchmark is S&P/ASX 300 Accumulation Index.



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