

Ausbil Australian Active Equity 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 2019 quarter was +6.52% (net of fees) versus the benchmark return of +8.05%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Aristocrat Leisure, Aurizon Holdings, Fortescue Metals and ResMed contributed to relative performance. The underweight positions in AGL Energy, Challenger, Oil Search, Scentre Group, Suncorp Group and Wesfarmers also added value. Conversely, the overweight positions in BlueScope Steel, Downer EDI, Evolution Mining, Galaxy Resources, Link Administration and QBE Insurance detracted from relative performance. The underweight position in Newcrest Mining also detracted value.

Market Review

The Australian equity market (represented by the S&P/ASX 300 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 20 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	3.55	3.64	-0.09
3 months	6.52	8.05	-1.53
6 months	20.01	19.84	0.17
FYTD	6.10	11.42	-5.32
CYTD	20.01	19.84	0.17
1 year	6.10	11.42	-5.32
3 years pa	12.02	12.82	-0.80
5 years pa	8.21	8.88	-0.67
7 years pa	12.15	11.83	0.33
10 years pa	9.79	9.91	-0.12
15 years pa	9.85	8.86	0.99
20 years pa	10.13	8.48	1.65
Since inception pa Date: July 1997	10.21	8.48	1.73

Top 10 Stock Holdings

	Fund %	Index ² %	Tilt %
BHP	8.93	6.73	2.21
CSL	7.62	5.40	2.22
Commonwealth Bank	7.61	8.09	-0.48
National Australia Bank	6.24	4.05	2.19
QBE Insurance Group	4.97	0.90	4.08
Westpac Bank	4.81	5.41	-0.60
Santos	4.73	0.69	4.04
Rio Tinto	4.73	2.14	2.59
ANZ Bank	4.10	4.53	-0.43
Macquarie Group	3.99	2.20	1.79

Sector Tilts

Name	Fund %	Index ² %	Tilt %
Energy	4.73	5.13	-0.40
Materials	21.19	18.92	2.27
Industrials	7.53	8.15	-0.61
Consumer Discretionary	5.13	6.65	-1.52
Consumer Staples	6.21	5.46	0.75
Health Care	11.87	8.58	3.29
Financials	31.72	31.52	0.20
Information Technology	0.55	3.06	-2.50
Communication Services	3.58	2.96	0.62
Utilities	0.00	1.89	-1.89
Real Estate	5.98	7.68	-1.70
Cash	1.50	0.00	1.50
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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