

Ausbil Australian Active Equity Fund

Monthly performance update

May 2019

Ausbil Investment Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200
Fax 61 2 9259 0222

'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 +0.75% (net of fees) versus the benchmark return of +1.75%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Aristocrat Leisure, Lendlease, ResMed, Fortescue Metals, JB Hi-Fi, Aurizon Holdings, Rio Tinto and Iluka Resources contributed to relative performance. The underweight positions in AGL Energy and Oil Search also added value. Conversely, the overweight positions in QBE Insurance, BlueScope Steel, Link Administration, Santos, Treasury Wine Estates, Macquarie Group, Downer EDI and The a2 Milk Company detracted from relative performance. The underweight positions in Stockland and Newcrest Mining also detracted value.

Market Review

The Australian equity market (as measured by the S&P/ASX 300 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

Returns¹ as at 31 May 2019

Period	Fund Return ¹ %	Benchmark ² %	Out/Under performance %
1 month	0.75	1.75	-0.99
3 months	3.69	5.01	-1.33
6 months	14.94	15.37	-0.43
FYTD	2.46	7.50	-5.04
CYTD	15.89	15.63	0.26
1 year	5.43	10.93	-5.50
3 years pa	9.38	10.57	-1.19
5 years pa	7.02	7.78	-0.77
7 years pa	11.68	11.34	0.35
10 years pa	9.83	9.94	-0.11
15 years pa	9.81	8.79	1.02
20 years pa	10.17	8.44	1.73
Since inception pa Date: July 1997	10.07	8.33	1.74

Top 10 Stock Holdings

	Fund %	Index ² %	Tilt %
BHP	8.58	6.38	2.20
CSL	7.62	5.34	2.29
Commonwealth Bank	7.41	7.93	-0.52
National Australia Bank	5.80	4.15	1.65
QBE Insurance Group	5.04	0.91	4.12
Rio Tinto	4.69	2.14	2.55
Santos	4.62	0.68	3.94
Westpac Bank	4.47	5.41	-0.94
ANZ Bank	4.11	4.63	-0.52
Macquarie Group	3.93	2.19	1.75

Sector Tilts

Name	Fund %	Index ² %	Tilt %
Energy	4.62	5.19	-0.57
Materials	20.52	18.45	2.07
Industrials	8.73	8.09	0.64
Consumer Discretionary	5.35	7.09	-1.73
Consumer Staples	6.74	5.48	1.26
Health Care	11.82	8.50	3.32
Financials	30.76	31.51	-0.75
Information Technology	1.35	3.05	-1.69
Communication Services	3.38	2.98	0.40
Utilities	0.00	1.91	-1.91
Real Estate	5.95	7.75	-1.80
Cash	0.78	0.00	0.78
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.



Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil Australian Active Equity Fund (ARSN 089 996 127) (Fund). This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at www.ausbil.com.au before acquiring or investing in the fund.