

Ausbil Australian Emerging Leaders Fund

Monthly performance update

February 2019

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Performance Review

Fund performance for February 2019 was 6.01% (net of fees) versus the benchmark return of 5.57%. The benchmark is represented by a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

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

At a stock level, the overweight positions in Webjet, Cleanaway, Altium, Beach Energy, Seven Group, Alumina and The a2 Milk Company contributed to relative performance. The underweight positions in Unibail-Rodamco-Westfield, Bendigo and Adelaide Bank and Bank of Queensland also added value. Conversely, the overweight positions in Evolution Mining, Blackmores, Domino's Pizza, TPG Telecom, NEXTDC and Whitehaven Coal detracted from relative performance. The underweight positions in Magellan Financial Group and IOOF also detracted value.

Market Review

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) had a positive month, returning +6.0%, continuing the market recovery from weakness in the back end of 2018. Globally, the Developed (MSCI World: +3.1%) outperformed the Emerging (MSCI EM: +0.2%) equity markets. Within Developed markets, Europe (EURO STOXX: +4.1%) outperformed the US (S&P500: +3.2%) and the UK (FTSE100: +2.3%) markets.

Domestically, small caps (S&P/ASX Small Ordinaries Accumulation Index: +6.8%) outperformed the large-cap (S&P/ASX 20 Accumulation Index: +6.6%) and mid-cap (S&P/ASX MidCap 50 Accumulation Index: +5.0%) segments.

Outlook

Economic and political uncertainty remains domestically and globally. European markets remain volatile with Brexit negotiations expected to be further delayed ahead of the March 29th European Union withdrawal date.

Commodities have remained strong. Bulk metal prices have been buoyed by supply side constraints, and Chinese infrastructure stimulus and reforms. Lower energy exploration capital expenditure has also contributed to tighter supply and rising energy prices. The prospect of future trade deals could see an increase in demand and further price elevation within the commodities space.

The February reporting season brought plenty of surprises matched by volatility within the Australian equity market. Overall, consensus earnings revisions post-results has seen more downgrades than upgrades both in number and by market capitalisation weight.

Fund Characteristics

Returns¹ as at 28 February 2019

Period	Fund Return ¹ %	Benchmark ² %	Out/Under performance %
1 month	6.01	5.57	0.44
3 months	8.17	7.95	0.23
6 months	-9.11	-4.66	-4.45
FYTD	-8.19	-1.35	-6.84
CYTD	13.21	10.65	2.56
1 year	-6.92	1.71	-8.62
3 years pa	10.99	14.13	-3.14
5 years pa	6.73	10.86	-4.13
7 years pa	9.20	9.69	-0.49
10 years pa	11.84	11.89	-0.05
15 years pa	10.19	8.60	1.59
Since inception pa Date: April 2002	10.83	9.05	1.78

Top 10 Stock Holdings

	Fund %	Index ² %	Tilt %
Tabcorp	6.12	3.12	2.99
The a2 Milk Company	5.02	3.29	1.73
Alumina	4.45	1.96	2.49
Cleanaway Waste Management	4.29	1.44	2.85
BlueScope Steel	4.20	2.44	1.77
Evolution Mining	3.59	1.80	1.79
Downer EDI	3.51	1.49	2.02
OZ Minerals	3.43	1.05	2.38
Beach Energy	3.39	0.59	2.81
ResMed	3.28	2.43	0.86

Sector Tilts

	Fund %	Index ² %	Tilt %
Energy	8.15	4.29	3.86
Materials	31.62	22.65	8.97
Industrials	16.13	13.87	2.25
Consumer Discretionary	14.75	14.43	0.31
Consumer Staples	5.02	6.96	-1.94
Health Care	5.03	6.50	-1.47
Financials	1.40	11.50	-10.10
Information Technology	8.14	9.49	-1.35
Communication Services	2.82	1.65	1.17
Utilities	2.53	2.41	0.12
Real Estate	2.32	6.25	-3.93
Cash	2.10	0.00	2.10
Total	100.00	100.00	0.00

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.



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