

# Ausbil 130/30 Focus Fund

## Quarterly performance update

September 2019

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### Performance Review

Fund performance for the quarter ending September 2019 was +1.72% (net of fees) versus the benchmark return of +2.37%, as measured by the S&P/ASX 200 Accumulation Index.

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

The Fund's largest short positions were in selected stocks within the Consumer Staples, Materials and Industrials sectors.

At a stock level, the Fund benefited from overweight positions in Treasury Wine Estates, The a2 Milk Company, Charter Hall Group, Santos, Aurizon Holdings and National Australia Bank. The underweight positions in Cimic Group, Brambles and Ramsay Health Care as well as the nil holding in South32 also added value. Conversely, the overweight positions in Goodman Group, Northern Star Resources, Dexus Property Group, BHP, Synlait Milk, Seven Group and Medibank detracted from relative performance. The underweight positions in Wesfarmers, Coles and Afterpay Touch also detracted value.

### Market Review

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had another positive quarter, returning +2.4%. Globally, Developed markets (MSCI World: +0.7%) outperformed Emerging (MSCI EM: -4.1%) equity markets. Within Developed markets, the European market (EURO STOXX: +2.5%) outperformed the UK (FTSE100: +1.0%) and US (S&P500: +1.7%) markets.

Domestically, mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +3.3%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +3.1%) outperformed large-cap stocks (S&P/ASX 20 Accumulation Index: +1.0%).

### Outlook

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) rebounded from a weaker August to return +1.8% in September and +2.4% for the quarter. The aggressive rotation from momentum and growth stocks to cyclical and value stocks was evident in September, with the Communication Services (-2.9%), REITs (-2.3%) and Health Care (-2.2%) sectors underperforming, and the Banks (+5.0%), Energy (+4.5%), Consumer Discretionary (+3.3%) and Materials (+3.0%) sectors outperforming.

Global equity markets continue to be influenced by a low interest rate environment and ongoing downside risks. The US Federal Reserve reduced its interest target range by 25bps to 1.75-2%, with Chairman Jerome Powell stipulating that the US was not heading into recession, nor intending to adopt negative interest rates.

### Fund Characteristics

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

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup>	Out/Under performance %
1 month	1.06	1.84	-0.78
3 months	1.72	2.37	-0.65
6 months	9.62	10.53	-0.91
FYTD	1.72	2.37	-0.65
CYTD	20.59	22.56	-1.97
1 year	10.64	12.47	-1.83
3 years pa	11.97	11.88	0.10
5 years pa	10.40	9.50	0.90
7 years pa	12.72	10.97	1.75
Since inception pa Date: July 2010	10.22	9.28	0.94

#### Market Exposure

	% of Fund
Long	97.85
Short	-4.47
Net	93.38

#### Top 10 Stock Holdings

	Fund %	Index %	Tilt %
BHP	7.50	6.06	1.43
CSL	7.29	5.93	1.36
Commonwealth Bank	6.78	7.98	-1.19
National Australia Bank	5.68	4.80	0.88
ANZ Bank	5.27	4.63	0.64
Macquarie Group	4.67	2.33	2.35
Westpac Bank	4.48	5.71	-1.23
Goodman Group	3.69	1.27	2.41
Rio Tinto	3.43	1.93	1.50
Aristocrat Leisure	3.11	1.09	2.01

#### Sector Tilts

	Fund %	Index %	Tilt %
Energy	5.59	4.99	0.60
Materials	18.58	17.40	1.18
Industrials	7.98	8.18	-0.20
Consumer Discretionary	4.65	6.75	-2.11
Consumer Staples	3.51	5.92	-2.42
Health Care	10.73	9.13	1.60
Financials	30.70	32.43	-1.73
Information Technology	1.13	3.08	-1.95
Communication Services	1.80	2.72	-0.92
Utilities	1.69	1.85	-0.15
Real Estate	7.03	7.56	-0.53
Cash	6.62	0.00	6.62
<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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