

Ausbil Active Sustainable Equity Fund

Quarterly performance update

December 2025

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'The topic of human rights and modern slavery remains a key ESG theme for Ausbil's company engagements and policy advocacy activities'

Performance Review

Fund performance for the quarter ending December 2025 was -3.45% (net of fees), versus the benchmark return of -1.01%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Sandfire Resources, Rio Tinto, Evolution Mining, PLS Group, Charter Hall Group, ANZ Group and WEB Travel Group added to relative performance. The nil positions in Xero, Aristocrat Leisure and WiseTech Global also added value. Conversely, the overweight positions in Life360, Technology One, CSL, Lynas Rare Earths, Pro Medicus, NextDC, REA Group, Generation Development Group and JB Hi-Fi detracted from relative performance. The nil position in BHP Group also detracted value.

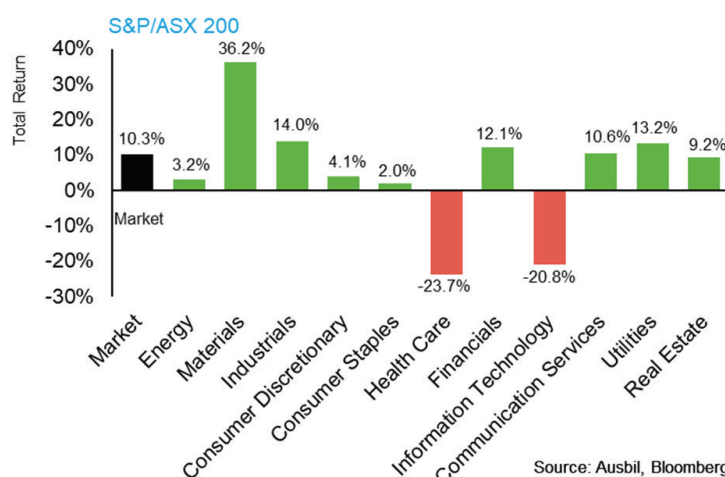
Market Review

The market (the S&P/ASX 200 Accumulation Index) closed December with a one month return of +1.3%, and a quarterly return of -1.0%. Despite a year that saw some of the most remarkable changes to trade relations since the Smoot-Hawley Tariff Act of 1930, the ASX 200 still delivered a positive return for the calendar year, achieving a trailing market 1-year return to +10.3%.

Developed Markets (MSCI World) delivered an amazing year, achieving returns of +21.1%, but were trumped by Emerging Markets (MSCI EM) which achieved +33.6%. Every major developed and emerging market returned positive results for calendar 2025, underscoring the benefits for those who patiently and carefully remained invested in equities in the face of the tariff crisis.

The rebound in resources across 2025, coupled with surging copper and gold prices, drove the Materials sector to outperform all others, as shown in the Chart. On the flip side, Health Care significantly underperformed as has Information Technology.

Sector returns – Year to December 2025



Fund Characteristics

Returns¹ as at 31 December 2025

Period	Fund Return ¹ %	Benchmark ² %	Out/Under-performance %
1 month	-0.43	1.30	-1.73
3 months	-3.45	-1.01	-2.43
6 months	1.41	3.65	-2.23
1 year	10.70	10.32	0.38
2 years pa	15.22	10.88	4.35
3 years pa	13.45	11.39	2.06
4 years pa	6.79	8.13	-1.34
5 years pa	9.26	9.89	-0.63
7 years pa	12.70	10.45	2.25
Since inception pa Date: 31 Jan 2018	10.32	8.85	1.47

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Commonwealth Bank	8.38	10.15	-1.77
CSL	6.51	3.16	3.35
ANZ Bank	6.32	4.09	2.22
Rio Tinto	6.15	2.06	4.09
Evolution Mining	4.70	0.97	3.73
Wesfarmers	3.99	3.48	0.51
Goodman Group	3.88	2.39	1.49
Macquarie Group	3.73	2.72	1.01
Sandfire Resources	3.57	0.31	3.25
Telstra	3.53	2.08	1.44

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	3.86	-3.86
Materials	21.65	22.99	-1.34
Industrials	5.25	6.75	-1.49
Consumer Discretionary	4.93	7.37	-2.45
Consumer Staples	2.58	3.37	-0.79
Health Care	10.65	7.14	3.50
Financials	31.36	34.15	-2.79
Information Technology	10.37	3.62	6.75
Communication Services	3.53	2.63	0.89
Utilities	0.00	1.40	-1.40
Real Estate	8.59	6.71	1.88
Cash	1.09	0.00	1.09
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes and assume distributions are reinvested. Past performance is not a reliable indicator of future performance.

2. The benchmark is S&P/ASX 200 Accumulation Index.



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Outlook

Global and Australian markets ended a solid 2025 despite a complete rewriting of world trade relations. The December quarter witnessed upside inflation surprise that saw a reduction in the number of rate cuts expected in the US, and the Australian RBA switch to a holding pattern with warnings that rates could rise if inflation was persistently high. Ausbil's view has been that rates were to remain on hold heading into 2026, however we have adjusted our view towards the potential for one rise in Q4 2026 if higher than target band inflation remains a problem. Even with a rate rise that would likely be 25 basis points, rates would remain around their equilibrium level which is supportive of healthy business financing and positive capital allocation.

Looking ahead to 2026, with Australian, US and global economic growth expected to improve, and with a return to more steady trade relations, we see more opportunity in equities, and strong, more broad-based earnings growth ahead of consensus. On the earnings outlook, this sees Ausbil positioned significantly ahead of consensus on earnings growth in FY26. We think that this is largely due to our different and more positive view of the outcome for tariffs, and the path of the global, US and Australian economies. Resources should enjoy significant upgrades compared with consensus. This, together with market negative positioning, supports our view of substantial rerate potential.

ESG Review

In December 2025, Ausbil concluded its annual modern slavery / human rights assessment, which involves a review of each company in the ASX 200 in terms of their risk exposure and risk management in relation to the risk to humans in operations and supply chains. This annual review feeds into Ausbil's proprietary ESG research and scoring and guides Ausbil's engagement priorities. The topic of human rights and modern slavery remains a key ESG theme for Ausbil's company engagements and policy advocacy activities, illustrated by Ausbil's involvement in RIAA (Responsible Investment Association Australasia) and IAST-APAC (Investors Against Slavery and Trafficking – Asia-Pacific). Ausbil's company engagement strategy focuses on encouraging ASX-listed companies to adopt what we believe is global best practice on responsible sourcing.

In terms of policy advocacy, Ausbil made a submission in relation to the ASX's Consultation on Shareholder Approval Requirements under the ASX Listing Rules. This relates to an announcement by the ASX in April 2025 that it would review the ASX Listing Rules concerning shareholder approval requirements for listed company takeovers and mergers. This announcement followed representations from institutional investors about the dilutive impact of share issues for takeovers and mergers. This consultation deals with a range of options for potential changes to the ASX Listing Rules which would expand shareholder approval requirements in connection with equity dilutive acquisitions by a listed company and changes in a dual listed company's admission status on ASX.

In terms of company-specific engagements, Ausbil had a governance meeting with the chair of ANZ Group's (ANZ) remuneration committee to discuss their clawback framework for executive remuneration and board composition, ANZ's cultural transformation and the shareholder resolutions ANZ was facing at the AGM. Ausbil also provided input to Xero's (XRO) sustainability materiality survey to assist the company with feedback on key ESG issues. Ausbil also engaged with REA Group (REA) on the CFO recruitment process, ensuring ongoing independence from News Corporation (NWS) in decision making.

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