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Ausbil Australian Concentrated Equity Fund

Quarterly performance update

December 2025

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'On the earnings outlook, this sees Ausbil positioned significantly ahead of consensus on earnings growth in FY26'

Performance Review

Fund performance for the quarter ending December 2025 was -0.77% (net of fees), versus the benchmark return of -0.89%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in PLS Group, ANZ Group, Mineral Resources, Sandfire Resources, Rio Tinto, Evolution Mining, James Hardie, BHP Group and BlueScope Steel contributed to relative performance. The nil position in Pro Medicus also added value. Conversely, the overweight positions in Life360, Xero, Lynas Rare Earths, Block, WiseTech Global, Treasury Wine Estates, News Corporation and Aristocrat Leisure detracted from relative performance. The nil positions in Fortescue and Northern Star Resources also detracted value.

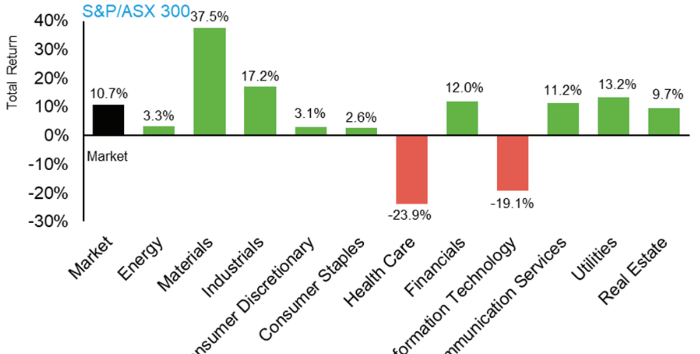
Market Review

The market (the S&P/ASX 300 Accumulation Index) closed December with a one month return of +1.4%, and a quarterly return of -0.9%. Despite a year that saw some of the most remarkable changes to trade relations since the Smoot-Hawley Tariff Act of 1930, the ASX 300 still delivered a positive return for the calendar year, achieving a trailing market 1-year return to +10.7%. This is a remarkable achievement considering the panic that came with the April 2025 announcement by Donald Trump of global tariff increases though changes have largely come in well below expectations as the US has rewritten its global trade relations, country by country.

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 as Ausbil did.

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 the market on a mix of company-specific issues in sector leaders and an overall higher cost of capital. Information Technology was also off this year, though following a significant period of strong performance in the previous years.

Sector returns – Year to December 2025



Source: Ausbil, Bloomberg

Fund Characteristics

Returns[1] as at 31 December 2025

Period	Fund Return[1] %	Bench-mark[2] %	Out/Under-performance %
1 month	1.58	1.37	0.21
3 months	-0.77	-0.89	0.12
6 months	5.26	4.05	1.21
1 year	8.99	10.66	-1.67
2 years pa	9.11	11.03	-1.92
3 years pa	10.03	11.39	-1.37
4 years pa	7.55	7.95	-0.39
5 years pa	10.26	9.80	0.46
7 years pa	12.01	10.48	1.52
Since inception pa Date: 30 Nov 2017	9.81	8.85	0.97

Top 10 Stock Holdings

Name	Fund %	Index[2] %	Tilt %
ANZ Bank	11.97	3.97	8.00
BHP	11.04	8.47	2.57
Commonwealth Bank	8.03	9.85	-1.82
PLS Group	4.65	0.47	4.17
CSL	4.38	3.07	1.31
Goodman Group	4.16	2.32	1.84
Macquarie Group	4.06	2.64	1.42
Rio Tinto	4.06	2.00	2.06
Telstra	3.24	2.02	1.22
Wesfarmers	3.15	3.37	-0.22

Sector Tilts

Sector	Fund %	Index[2] %	Tilt %
Energy	1.29	3.83	-2.54
Materials	33.26	22.98	10.28
Industrials	3.08	6.97	-3.89
Consumer Discretionary	5.34	7.46	-2.12
Consumer Staples	3.03	3.46	-0.43
Health Care	6.42	7.24	-0.81
Financials	26.60	33.42	-6.82
Information Technology	7.52	3.86	3.67
Communication Services	5.19	2.61	2.58
Utilities	2.70	1.36	1.34
Real Estate	5.34	6.82	-1.48
Cash	0.21	0.00	0.21
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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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.

Ausbil is seeing opportunities in equities that are relatively shielded from, or are beneficiaries of, the new US tariff policy. While tariffs have caused a major shake-up in global trade, Ausbil expects Australian growth to be relatively unchanged and we expect Australian companies to generate earnings growth in excess of consensus expectations. Underpinning our outlook for equities are a number of structural drivers that are offering opportunities. These include an increased commitment to military spending globally (as the US withdrawal of support for Ukraine and others has sparked an upward shift in defence spending); increased investment in infrastructure to accommodate the growth in AI; ongoing investment to secure independent energy security; and the increase in demand for electricity over carbon-based energy.

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