

Ausbil Australian Emerging Leaders Fund

Monthly performance update

May 2026

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'Ausbil's outlook for economic growth for the US and Australia remains supportive of equities and positive earnings growth'

Performance Review

Fund performance for the month ending May 2026 was +2.11% (net of fees) versus the benchmark return of +1.81%. The benchmark is 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 overweight position in the Information Technology sector contributed to relative performance. The underweight positions in the Energy, Consumer Discretionary, Utilities and Real Estate sectors also added value. Conversely, the overweight positions in the Consumer Staples, Health Care, Financials and Communication Services sectors detracted from relative performance. The underweight positions in the Materials and Industrials sectors also detracted value.

At a stock level, the overweight positions in Megaport, Sandfire Resources, IGO, Mineral Resources, Develop Global and PLS Group contributed to relative performance. The nil positions in Endeavour Group, Dexus Property Group, AGL Energy and Regis Resources also contributed value. Conversely, the overweight positions in Tuas, The a2 Milk Company, WiseTech Global, REA Group, Life360, Eagers Automotive, Zip and Ramsay Health Care detracted from relative performance. The nil positions in Capricorn Metals and Dyno Nobel also detracted value.

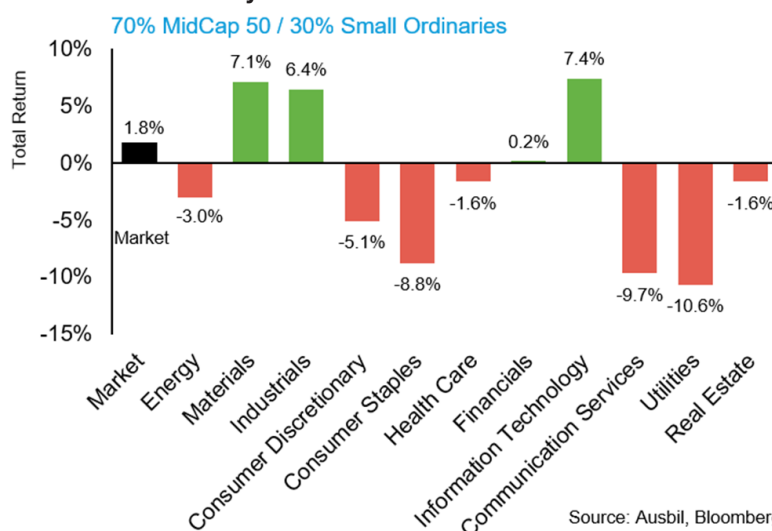
Market Review

May delivered a positive result for markets despite the ongoing oil saga in the Strait of Hormuz. The market rose +1.81% for the month (for the Composite Benchmark comprising 70% in the S&P/ASX MidCap 50 and 30% in the S&P/ASX Small Ordinaries accumulation indices), bringing the 1-year return to +7.19%.

Global equity markets were largely ahead in May except for Hong Kong, China and India. The MSCI Emerging Markets Index rose +9.7%, outperforming Developed Markets (MSCI World; +4.6%). In the US, the NASDAQ Composite outpaced the S&P 500, highlighting continued strength in technology stocks.

In terms of sectors, Energy, Health Care and Utilities were a negative drag on the market, with Materials adding significantly to the returns for the month, as shown in the chart.

Sector returns – May 2026



Fund Characteristics

Returns¹ as at 31 May 2026

Period	Fund Return ¹ %	Benchmark ² %	Out/Under Performance %
1 month	2.11	1.81	0.30
3 months	-4.83	-6.11	1.29
6 months	-8.54	-5.90	-2.64
1 year	5.55	7.19	-1.65
2 years pa	8.63	9.93	-1.30
3 years pa	10.15	9.87	0.28
5 years pa	6.61	6.65	-0.05
7 years pa	9.27	8.87	0.40
10 years pa	8.51	9.26	-0.75
15 years pa	8.21	8.38	-0.18
20 years pa	7.31	6.66	0.65
Since inception pa Date: April 2002	10.35	9.01	1.34

Top 10 Stock Holdings

Name	Fund %	Benchmark ² %	Tilt %
Mineral Resources	5.33	2.79	2.54
REA Group	4.53	1.62	2.92
HUB24	4.33	1.47	2.86
Sandfire Resources	4.21	1.96	2.25
SGH	4.14	1.77	2.36
Fisher & Paykel	4.10	1.33	2.77
Orica	3.88	2.31	1.57
Technology One	3.64	1.96	1.67
Megaport	3.50	0.28	3.23
Ramsay Health Care	3.35	1.52	1.83

Sector Tilts

Sector	Fund %	Benchmark ² %	Tilt %
Energy	2.17	6.84	-4.68
Materials	24.56	26.91	-2.35
Industrials	13.73	17.79	-4.06
Consumer Discretionary	3.25	5.24	-1.98
Consumer Staples	4.87	4.09	0.78
Health Care	7.45	5.78	1.67
Financials	14.13	10.91	3.22
Information Technology	20.35	9.79	10.56
Communication Services	2.71	1.49	1.22
Utilities	0.00	1.11	-1.11
Real Estate	6.49	10.03	-3.54
Cash	0.28	0.00	0.28
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 composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index.

Outlook

The oil supply shock was not resolved in May as many were hoping and continues to worry markets and act as a drag on growth. Even though there have been significant attempts at reaching a resolution, there has been no ongoing breakthrough yet. The US and Israel remain relatively isolated in their action in the Middle East with Europe standing apart from the conflict despite requests by the US for support.

Ausbil's economic growth outlook for Australia is currently +2.3% with the disruption in oil supply. If the price for crude oil remains elevated at around US\$90/bbl for 12 months, Australia's growth would come in lower again, at around +1.8% for 2026 in Ausbil's view, though our base case is for the conflict to be relatively resolved by the middle of 2026. Ausbil's projection for three Australian rate rises this tightening cycle at 25bps each has been realised with the third rate hike occurring at the May meeting of the RBA. Despite recent tightening by the RBA, rates are at equilibrium levels which we believe is not a material risk to earnings growth in FY26 or FY27. However, the hard tax changes on CGT and negative gearing at the Federal Budget are expected to add another dampener on consumer demand, particularly in Australia's key real estate sector.

Despite the impact of higher oil prices, Ausbil's outlook for economic growth for the US and Australia remains supportive of equities and positive earnings growth. Consensus has increased their FY26 EPSg to +13.2%, with Ausbil more positive again with an EPSg expectation of +15.2% for FY26 and +13.4% for FY27 (both for the S&P/ASX 200), largely on a better outlook for resources than the market.

Underpinning our outlook for earnings growth are major secular growth themes, including the ongoing strength of metals and critical minerals, Australia's leading technology companies monetising AI, and domestic productivity and inflation challenges favouring global earnings streams over local. With the volatility and uncertainty in markets, an active approach to equities makes sense, particularly in seeking earnings and earnings growth, and avoiding surprises.



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