

# Ausbil Active Sustainable Equity Fund

Quarterly performance update

March 2026

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'In March, Ausbil participated in a collaborative investor engagement on modern slavery and responsible sourcing'

## Performance Review

Fund performance for the quarter ending March 2026 was -5.60% (net of fees), versus the benchmark return of -1.61%, as measured by the S&P/ASX 200 Accumulation Index.

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

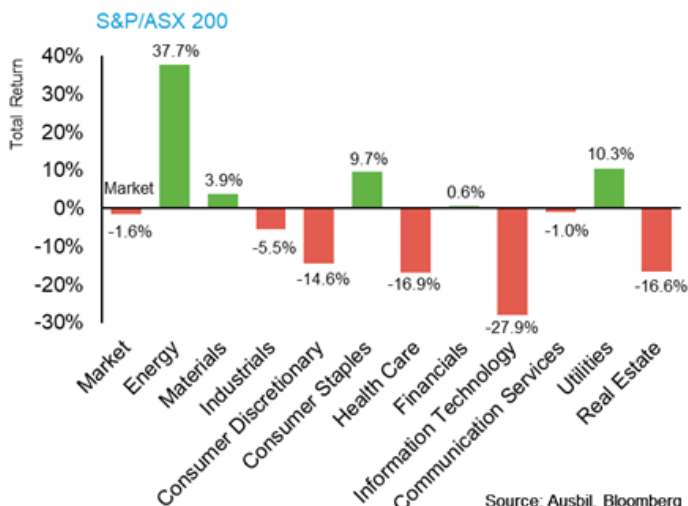
At a stock level, the overweight positions in Rio Tinto, PLS Group, Lynas Rare Earths, Woolworths, Evolution Mining and BlueScope Steel added to relative performance. The nil positions in Northern Star Resources, Aristocrat Leisure, Xero and WiseTech Global also added value. Conversely, the overweight positions in Life360, CSL, Charter Hall Group, Pro Medicus, Cochlear, Sandfire Resources and Judo Capital detracted from relative performance. The nil positions in BHP, Woodside Energy Group and Santos also detracted value.

## Market Review

March has been all about the oil supply shock from the military action in Iran which has continued into April, and as a result, the market performance reflected the crisis, falling by -7.2% for the month (for the S&P/ASX 200 Accumulation Index). On a quarterly basis, the market returned -1.6%, bringing the 1-year return to +11.7%.

Immediately after the close of a positive reporting season in February during which consensus significantly upgraded the earnings growth outlook for FY26 and FY27, the US and Israel took action against Iran, bombarding the country's military, nuclear and naval facilities. This action saw the oil price initially jump towards US\$120/bbl and, across March, trade in a significantly elevated range. March saw a continuation of the shift from long growth such as Information Technology into asset backed Consumer Staples, Utilities and Energy, as shown in the chart. While the Materials sector has had an excellent run since the last quarter of 2025, the current crisis saw resources positive but lower on rising fuel costs and generalised concerns that higher oil prices will temper economic growth in 2026 and 2027.

## Sector returns – March Quarter 2026



## Fund Characteristics

Returns<sup>1</sup> as at 31 March 2026

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under-performance %
1 month	-8.79	-7.15	-1.65
3 months	-5.60	-1.61	-3.99
6 months	-8.85	-2.61	-6.24
1 year	8.00	11.67	-3.68
2 years pa	7.04	7.17	-0.12
3 years pa	10.64	9.54	1.10
4 years pa	5.76	7.10	-1.34
5 years pa	7.72	8.63	-0.91
7 years pa	9.66	8.58	1.08
Since inception pa Date: 31 Jan 2018	9.22	8.36	0.86


## Top 10 Stock Holdings

Name	Fund %	Benchmark <sup>2</sup> %	Tilt %
Commonwealth Bank	9.43	10.89	-1.45
Rio Tinto	7.24	2.33	4.91
CSL	6.68	2.65	4.03
ANZ Bank	6.58	4.21	2.37
Telstra	4.43	2.33	2.10
Evolution Mining	4.29	0.99	3.30
Macquarie Group	4.00	2.78	1.23
Wesfarmers	3.66	3.21	0.45
PLS Group	3.52	0.61	2.91
Sandfire Resources	3.47	0.29	3.18

## Sector Tilts

Sector	Fund %	Benchmark <sup>2</sup> %	Tilt %
Energy	0.00	5.25	-5.25
Materials	23.94	24.19	-0.25
Industrials	3.94	6.60	-2.66
Consumer Discretionary	4.47	6.42	-1.94
Consumer Staples	2.83	3.75	-0.92
Health Care	11.97	6.00	5.97
Financials	31.88	35.02	-3.13
Information Technology	8.56	2.66	5.89
Communication Services	4.43	2.88	1.55
Utilities	0.00	1.56	-1.56
Real Estate	6.72	5.68	1.04
Cash	1.26	0.00	1.26
<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 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

The unexpected US military action in Iran has destabilised some 20% of the world's oil production (though Iran only accounts for some 3-4%), primarily through disruption of supplies in the Strait of Hormuz. The outcome of the current oil supply shock remains uncertain though Ausbil's base case is for hostilities to come to a close in a relatively short time, possibly by June. However, we maintain a close watching brief on events and how they might impact the markets. Sustained elevation in the oil price beyond the next few months may cause us to revisit our economic growth forecasts and adjust our allocations accordingly.

Ausbil's projection for three Australian rate rises this tightening cycle at 25bps each saw the second rise delivered in March, leaving one more rise of around 25 basis points in the current projected tightening cycle.

At the start of calendar 2026, on the back of a significant rerating in commodity prices in Q4 2025, and an even more promising outlook for growth, consensus had increased their FY26 earnings growth estimates (EPSg) to +11.7%, with Ausbil more positive again with an EPSg expectation of +16.6% for FY26 (both for the S&P/ASX 200), largely on a better outlook for resources and key cyclicals than the market. At this stage, the oil crisis in the Middle East has not caused us to materially amend our positive EPSg outlook for FY26 of FY27, however sustained higher oil prices could bring EPSg back by a few percentage points – we are actively monitoring this situation.

Overall, Ausbil is seeing opportunities in equities that are beneficiaries of a stronger US economy, and a strong local economy buoyed by resources demand. We are also seeing opportunities in health care; information technology (software and services) from AI; steel and construction materials; and commodities in specific areas like critical minerals, iron ore, copper and aluminium. Moreover, a number of significant structural tailwinds continue to offer opportunity beyond the noise of the current oil crisis. These themes include increasing global defence spending, booming AI-related infrastructure investment, and the transition to carbon-free energy.

## ESG Review

In March, Ausbil participated in a collaborative investor engagement on modern slavery and responsible sourcing with JBH. Modern slavery remains a key ESG engagement theme and on that note, Ausbil presented at an International Women's Day event (hosted by Freedom for Humanity) alongside Anti-Slavery Australia, the Ambassador of Thailand and others. Ausbil presented the investor lens on modern slavery and a summary of Ausbil's policy advocacy and company engagement activities. Further, Ausbil had a dedicated meeting with CHC to discuss their management of potential modern slavery risk in their operations and supply chains. As part of this, we discussed the work done by the Property Council of Australia's Modern Slavery Working Group, the Cleaning Accountability Framework and more. Finally, on the topic of broader human rights, Ausbil continued its participation in the Human Rights Working Group of RIAA, including providing a briefing to members on responsible AI-related insights from the recent reporting season.

During the month, Ausbil also engaged with LYC over the CEO succession and selection process, operational risks at Kalgoorlie, and LYC's climate policy. Separately, Ausbil had a dedicated call with LYC to understand the possibility of any indirect exposure to controversial weapons as part of LYC's recently announced MoU with the US Department of War. Further, Ausbil engaged with WOW on the link between customer satisfaction and staff engagement (Voice of the Customer and Voice of the Team) in relation to the operational improvements by WOW in 1H26. We also discussed the new law coming into effect in July 2026 in relation to so-called excessive pricing. Ausbil engaged with the management of SFR regarding the contractor fatality to better understand the incident, potential implications and the company's follow-up actions. Separately, Ausbil

attended SFR's sustainability briefing, which also covered cultural heritage and the company's relationships with traditional owners. Further, Ausbil engaged with 360 on the workforce implications of AI. We met with NAB's sustainability managers and IR to discuss Ausbil's key ESG priorities in 2026, including the key ESG issues that we believe are financially material for NAB and other banks, and how NAB is performing on Ausbil's metrics. As part of this, we had an in-depth discussion on the risks and opportunities with AI. Ausbil also met with three of ANZ's executives in a group meeting with the discussion focused on ANZ's strategic changes, including ANZ's increased customer centricity, staff culture, union relationships and technology needs and AI. Finally, Ausbil participated in a group meeting with the chairman of RIO to discuss the company's due diligence on Glencore earlier in the year and RIO's M&A strategy. We also discussed RIO's views on battery storage as a driver for increased lithium demand and various governance aspects of JV partnerships.

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