

# Ausbil Australian Emerging Leaders Fund

Quarterly performance update

March 2026

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'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'

## Performance Review

Fund performance for the quarter ending March 2026 was -12.13% (net of fees) versus the benchmark return of -9.86%. 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 positions in the Consumer Staples, Health Care and Communication Services sectors added value. The underweight positions in the Consumer Discretionary and Real Estate sectors contributed to relative performance. Conversely, the overweight positions in the Financials and Information Technology sectors detracted value. The underweight positions in the Energy, Materials, Industrials and Utilities sectors also detracted from relative performance.

At a stock level, the overweight positions in Lynas Rare Earths, PLS Group, The a2 Milk Company, NexGen Energy, Iluka Resources, Ramsay Health Care, Washington H. Soul Company, Reece Australia and Mineral Resources contributed to relative performance. The nil position in JB Hi-Fi also contributed value. Conversely, the overweight positions in Life360, Zip, WiseTech Global, Megaport, Temple & Webster Group, Reliance Worldwide, CAR Group and Generation Development Group detracted from relative performance. The underweight position in Telix Pharmaceuticals and, the nil position in Whitehaven Coal also detracted value.

## Market Review

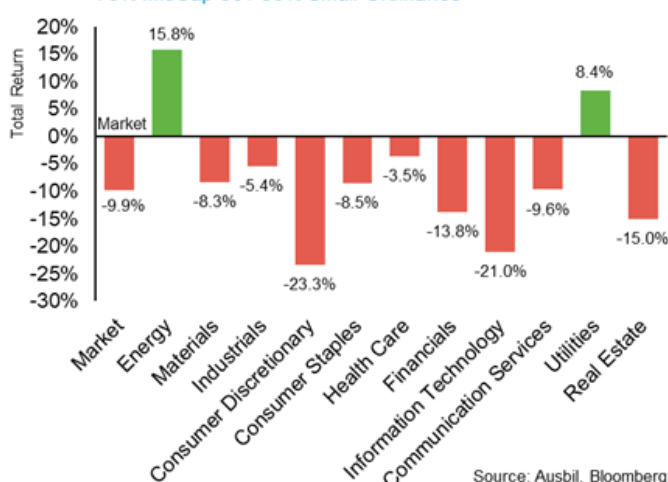
March has been all about the oil supply shock from the military action in Iran which has continued into April, and as a result, the market performance reflected the crisis, falling by -10.5% for the month (for the Composite Benchmark comprising 70% in the S&P/ASX MidCap 50 and 30% in the S&P/ASX Small Ordinaries accumulation indices). On a quarterly basis, the market returned -9.9%, bringing the 1-year return to +11.4%.

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 Energy and Utilities, as shown in the chart. While Materials have had an excellent run since the last quarter of 2025, the current crisis saw resources down on rising fuel costs and generalised concerns that higher oil prices will temper economic growth in 2026 and 2027.

## Sector returns – March Quarter 2026

70% MidCap 50 / 30% Small Ordinaries



## 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	-11.19	-10.46	-0.73
3 months	-12.13	-9.86	-2.27
6 months	-14.37	-9.39	-4.98
1 year	9.52	11.40	-1.89
2 years pa	5.56	6.24	-0.69
3 years pa	9.06	8.96	0.11
5 years pa	6.69	6.88	-0.19
7 years pa	8.42	8.51	-0.10
10 years pa	8.63	9.58	-0.95
15 years pa	7.59	7.85	-0.25
20 years pa	6.97	6.30	0.66
Since inception pa Date: April 2002	10.11	8.86	1.25

## Top 10 Stock Holdings

Name	Fund %	Benchmark <sup>2</sup> %	Tilt %
The a2 Milk Company	4.99	1.57	3.42
REA Group	4.94	1.78	3.16
Mineral Resources	4.46	2.14	2.32
HUB24	4.37	1.52	2.85
SGH	4.25	1.83	2.43
Fisher & Paykel Corporation	4.21	1.37	2.84
Ramsay Health Care	3.88	1.67	2.21
IGO	3.75	1.23	2.53
Sandfire Resources	3.75	1.68	2.07
Reece Australia	3.60	0.31	3.28

## Sector Tilts

Sector	Fund %	Benchmark <sup>2</sup> %	Tilt %
Energy	2.26	7.26	-5.00
Materials	25.31	25.69	-0.38
Industrials	15.69	16.61	-0.91
Consumer Discretionary	2.33	5.61	-3.28
Consumer Staples	6.67	5.04	1.63
Health Care	8.09	6.26	1.83
Financials	13.42	11.19	2.24
Information Technology	16.49	8.75	7.75
Communication Services	3.78	1.61	2.17
Utilities	0.00	1.34	-1.34
Real Estate	5.19	10.65	-5.46
Cash	0.76	0.00	0.76
<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 composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries 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.

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