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Ausbil Australian Active Equity 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 -3.33% (net of fees), versus the benchmark return of -2.04%, as measured by the S&P/ASX 300 Accumulation Index.

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

At a stock level, the overweight positions in Lynas Rare Earths, PLS Group, BHP, BlueScope Steel, Rio Tinto, Origin Energy and The a2 Milk Company contributed to relative performance. The nil positions in Northern Star Resources, Pro Medicus and Scentre Group also added value. Conversely, the overweight positions in Life360, WiseTech Global, Xero, Cochlear, Treasury Wine Estates, Goodman Group, James Hardie and Block detracted from relative performance. The nil positions in Woodside Energy Group and Woolworths also detracted value.

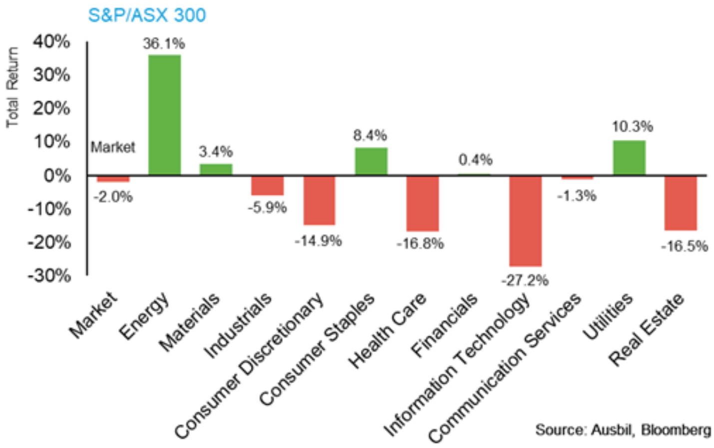
Market Review

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 -7.3% for the month (for the S&P/ASX 300 Accumulation Index). On a quarterly basis, the market returned -2.0%, bringing the 1-year return to +11.6%.

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[1] as at 31 March 2026

Period	Fund Return[1] %	Bench-mark[2] %	Out/Under performance %
1 month	-9.46	-7.30	-2.16
3 months	-3.33	-2.04	-1.29
6 months	-5.34	-2.91	-2.43
1 year	10.65	11.59	-0.94
2 years pa	4.03	7.02	-2.99
3 years pa	7.14	9.43	-2.29
5 years pa	7.88	8.46	-0.59
7 years pa	9.21	8.54	0.67
10 years pa	9.73	9.39	0.35
15 years pa	8.47	8.06	0.42
20 years pa	7.25	6.82	0.43
25 years pa	9.39	8.39	0.99
Since inception pa Date: July 1997	9.81	8.28	1.54

Top 10 Stock Holdings

Name	Fund %	Benchmark[2] %	Tilt %
BHP	12.27	9.64	2.64
Commonwealth Bank	9.23	10.57	-1.34
National Australia Bank	6.77	4.79	1.98
ANZ Bank	6.36	4.08	2.28
Rio Tinto	4.20	2.26	1.94
Macquarie Group	4.05	2.69	1.36
CSL	3.74	2.57	1.17
Goodman Group	3.61	1.97	1.64
Telstra	3.52	2.26	1.26
Lynas Rare Earths	3.12	0.66	2.46

Sector Tilts

Sector	Fund %	Benchmark[2] %	Tilt %
Energy	0.24	5.18	-4.93
Materials	35.12	24.35	10.78
Industrials	2.34	6.72	-4.38
Consumer Discretionary	5.73	6.45	-0.72
Consumer Staples	3.21	3.80	-0.59
Health Care	5.38	6.19	-0.81
Financials	28.56	34.28	-5.72
Information Technology	7.51	2.88	4.64
Communication Services	4.20	2.84	1.36
Utilities	2.64	1.52	1.12
Real Estate	4.29	5.80	-1.51
Cash	0.77	0.00	0.77
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 300 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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