

Ausbil Active Sustainable Equity Fund - Active ETF

Quarterly performance update

September 2026

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'Looking forward, Ausbil expects to see up to two interest rate rises over the remainder of calendar 2026'

Performance Review

Fund performance for the quarter ending September 2026 was +0.26% (net of fees), versus the benchmark return of +1.33%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in CSL, Sandfire Resources, Genesis Minerals, Cochlear, Fisher & Paykel Healthcare, Evolution Mining and ANZ Group added to relative performance. The nil positions in Fortescue, Transurban Group and Xero also added value. Conversely, the overweight positions in Life360, Charter Hall Group, PLS Group, NextDC, Lynas Rare Earths, Pro Medicus and JB Hi-Fi detracted from relative performance. The nil positions in BHP Group, Northern Star Resources and Woodside Energy Group also detracted value.

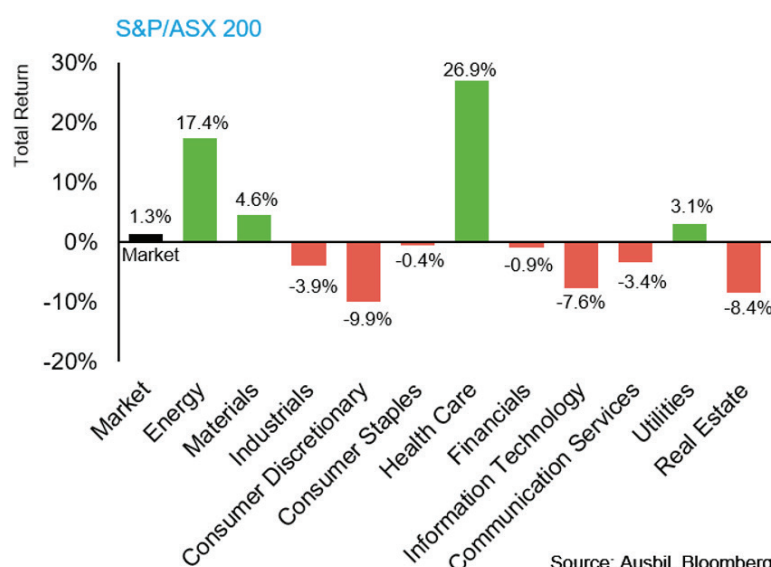
Market Review

The S&P/ASX 200 Accumulation Index returned +1.3% over the September quarter, bringing the one-year return to +2.7%. The September meeting of the RBA saw Australia entering a tightening cycle to combat inflation which, with the oil price elevated at over US\$100/bbl, weighed on the quarterly performance.

Global equity markets were mixed over the September quarter. The MSCI World returned +1.9% and the S&P 500 +2.0%, while the MSCI Emerging Markets declined -0.4%. Singapore (+9.8%) and Hong Kong (+7.6%) led the selected markets; China (-6.2%), India (-5.2%) and Japan (-4.7%) lagged.

Health Care and Energy were the strongest sectors, while Consumer Discretionary, Real Estate and Information Technology were the main detractors.

Sector returns – September Quarter 2026



Fund Characteristics

Returns¹ as at 30 September 2026

Period	Fund Return ¹ %	Benchmark ² %	Out/Under % Performance
1 month	-3.62	-2.42	-1.20
3 months	0.26	1.33	-1.07
6 months	6.15	5.43	0.72
1 year	-3.24	2.68	-5.93
2 years pa	5.97	6.55	-0.59
3 years pa	13.27	11.40	1.87
4 years pa	11.23	11.91	-0.68
5 years pa	6.00	7.68	-1.68
7 years pa	9.15	7.85	1.29
Since inception pa Date: 31 Jan 2018	9.42	8.52	0.90

Top 10 Stock Holdings

Name	Fund %	Benchmark ² %	Tilt %
Commonwealth Bank	9.68	9.50	0.18
CSL	8.97	3.32	5.65
Rio Tinto	7.41	2.33	5.08
ANZ Bank	6.67	4.34	2.33
Macquarie Group	4.70	3.16	1.54
Sandfire Resources	4.20	0.38	3.82
Telstra	3.55	2.02	1.53
Woolworths	3.36	1.80	1.56
Goodman Group	3.12	2.09	1.03
Genesis Minerals	2.96	0.32	2.65

Sector Tilts

Sector	Fund %	Benchmark ² %	Tilt %
Energy	0.00	4.83	-4.83
Materials	26.86	26.40	0.46
Industrials	4.13	6.01	-1.89
Consumer Discretionary	2.78	6.42	-3.64
Consumer Staples	3.36	3.72	-0.36
Health Care	14.92	6.92	8.00
Financials	31.54	33.58	-2.04
Information Technology	6.85	2.79	4.06
Communication Services	3.55	2.44	1.11
Utilities	0.00	1.42	-1.42
Real Estate	4.52	5.46	-0.94
Cash	1.50	0.00	1.50
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 200 Accumulation Index.



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Outlook

A positive August reporting season that concluded with a strong net EPS growth (EPSg) beat of 15% (Macquarie Equities) was followed in September by an escalation in Middle East tensions and the RBA pivoting to a tightening cycle to fight persistently stubborn inflation. The result was the S&P/ASX 200 Accumulation Index falling -2.4% in September, dulling what was otherwise a positive quarter. Despite these challenges, consensus is still forecasting two positive earnings growth years, with FY27 expected to deliver EPSg of +8.4% and FY28 of +7.2% (for the S&P/ASX 200).

Looking forward, Ausbil expects to see up to two rate rises over the remainder of calendar 2026 as the RBA fights the impact of second-round price pressures on inflation. This would slow Australian year average growth by half, from its current Q2 2026 rate of 2.3% to 1.2% pace by year end calendar 2027. Ausbil believes that the additional tightening in rates in 2026 would see the RBA having to reverse its position with multiple rate cuts in 2027.

From an earnings perspective, the key interest rate pivot by the RBA which is expected to see another rise in calendar 2026, before eventual easing again in 2027, altered Ausbil's equity outlook somewhat. Interest rate sectors like banks and real estate, already under pressure from changes to tax policy, became less attractive. Moreover, earnings from long duration sectors like information technology were discounted on the change. Finally, cyclical stocks leveraged to the consumer also looked less attractive with the shift to monetary tightening.

On the positive side, underlying secular earnings drivers still offer attractive opportunities for investors given the ongoing strength of metals and critical minerals demand, Australia's leading technology companies monetising AI, but with domestic productivity and local inflation challenges favouring global earnings streams over local.

ESG Review

In September, Ausbil was part of an investor group that visited the Pilbara and Perth to meet with Traditional Owner groups, mining companies, unions and other key stakeholders. The trip included site visits in Port Hedland and Karratha, including water and renewable energy projects. It focused on a wide range of ESG factors, including cultural heritage, industrial relations, workforce culture, water security, renewable energy, regional development, logistics and climate resilience. The purpose of the trip was to better understand the key sustainability issues facing the Pilbara and Australia's critical minerals export industry, as well as to deepen our understanding of the relationships between mining companies and relevant Traditional Owner groups. As part of the program, we met with RIO, S32, SFR, the Electrical Trades Union, UnionsWA, the Yindjibarndi Aboriginal Corporation, the Kariyarra Aboriginal Corporation, the Pilbara Development Commission and others. Insights from the field trip contribute to our existing ESG research and ESG scoring of individual mining companies, while also helping to inform our future ESG-related engagement activities. From the conversations we had, RIO stood out positively in terms of stakeholder engagement, including its ambition to implement co-management arrangements at each site.

In terms of company meetings (in addition to those held during the Pilbara trip), Ausbil had a dedicated meeting with WES's Sustainability Team to discuss WES's climate change strategy, its approach to combating in-store violence and customer aggression, including the use of facial recognition technology and policy advocacy, as well as responsible sourcing. As part of the latter, we discussed new supply chain laws in China, WES's response to those changes, and policy advocacy relating to proposed regulatory changes to modern slavery legislation in Australia. Ausbil also met with GMD's Executive Chair to discuss the proposed VAU transaction, the company's relationships with Traditional Owners, including cultural heritage matters, and water risk management. In addition, Ausbil held a dedicated ESG meeting with PLS's Chair, Sustainability Committee Chair and Investor Relations team. During the meeting, we discussed PLS's approach to engagement with Traditional Owners in Australia and Brazil, its operational decarbonisation pathway, whistleblower reporting and its escalation to the Board, modern slavery risk management and sustainability reporting. We also discussed executive remuneration outcomes for FY26 and proposed changes to the long-term incentive (LTI) structure. Furthermore, Ausbil held a follow-up meeting with LYC's Chair to discuss CEO succession and the reasons for the delayed appointment of a new CEO following the departure of the company's long-serving CEO earlier in 2026. Ausbil also engaged with QAN on its fleet renewal program, Sustainable Aviation Fuel (SAF) initiatives and the Safeguard Mechanism. Discussions also covered industrial relations, including ongoing enterprise bargaining negotiations and the impacts of the Same Job, Same Pay legislation. Finally, Ausbil engaged with WOW on responsible sourcing, particularly in light of increasing regulatory change globally. In particular, we discussed the importance of traceability tools in enhancing supply chain visibility and also engaged on measures to improve in-store safety for staff.

During the month, Ausbil also attended a group meeting organised by IAST APAC (Investors Against Slavery and Trafficking Asia Pacific), which Ausbil co-chairs. At the meeting, the International Justice Mission presented on forced labour and modern slavery in the sugar cane industry in Maharashtra, India. The discussion centred on supply chain linkages, government responsibilities, the benefits of jurisdictional approaches in addressing systemic risks, and how the IJM is combating forced labour and debt bondage in the sector. Ausbil also attended RIAA's third Nature Working Group meeting of the year, which included a guest presentation on water systems as a key nature-related risk and opportunity for investors. In addition, Ausbil attended a meeting organised by IAST APAC featuring two guest speakers from the Cleaning Accountability Framework (CAF), who discussed modern slavery risks across property sector supply chains.

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