

# Ausbil 130/30 Focus

Quarterly Investment Option Update

31 March 2022

## Aim and Strategy

The underlying fund is a concentrated equity fund which primarily invests in listed or expect to be listed Australian securities that are generally chosen from the S&P/ASX 200 Index and aims to outperform the S&P/ASX 200 Accumulation Index over the long-term.

Ausbil's investment approach is based on the philosophy that the key drivers of stock prices are earnings and earnings revisions. Ausbil uses 'top-down' macroeconomic analysis to target those sectors it believes will be subject to the strongest or poorest earnings and earnings revisions over the next 12 months.

The resulting portfolio will typically hold long positions in approximately 25-50 shares and will typically short around 0-25 shares. Net equity exposure will vary between 80% to 100%.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au/performance](http://amp.com.au/performance)

## Investment Option Overview

<b>Investment Category</b>	Australian Shares
<b>Suggested Investment timeframe</b>	5 years
<b>Relative risk rating</b>	7 / Very High
<b>Investment style</b>	Specialist – Long/Short
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	88.76
Cash	0	11.24

Sector Allocation	%
Energy	3.49
Materials	23.69
Industrials	1.69
Consumer Discretionary	6.79
Consumer Staples	6.61
Healthcare	9.84
Financials	25.36
IT	2.19
Telecommunication	3.10
Utilities	1.74
Real Estate	4.25
Cash	11.24

Top Holdings	%
BHP	13.81
CSL	8.51
Commonwealth Bank	7.16
National Australia Bank	5.76
Macquarie Group	5.67
Goodman Group	4.61
Woolworths	4.04
Computershare	3.18
Telstra	3.10
Wesfarmers	2.58

## Portfolio Summary

- Portfolio outperformed the benchmark, as measured by the S&P/ASX 200 Accumulation Index for the quarter ending March 2022.
- The top-ten overweight exposures were in the following sectors: Diversified Consumer Services, Diversified Financials, Diversified Metals & Mining, Food & Drug Retailing, General Insurance, Other Metals & Mining, Pharmaceuticals & Biotechnology, Telecommunication Services, Transportation and Utilities.

## Investment Option Commentary

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

The largest short positions were in selected stocks within the Financials, Materials, Information Technology, Industrials and Consumer Discretionary sectors.

At a stock level, the overweight positions in BHP, IGO, Computershare, Santos, Lynas Rare Earths, Origin Energy and Allkem contributed to relative performance. The nil position in Block also contributed value. Conversely, the overweight positions in Goodman Group, Pointsbet, Aristocrat Leisure, CSL, Praemium, IDP Education and Seek detracted from relative value. The underweight positions in Woodside Petroleum and Westpac Bank also detracted value.

## Market Commentary

March ended but the war in Ukraine did not. Rather, it escalated as did the fallout from higher energy and commodity prices. In contrast to negative news flow the market posted a monthly gain of +6.9% (S&P/ASX 200 Accumulation Index), +2.2% for the quarter, with the 1-year return at +15.0%.

The March quarter saw more rotation towards sectors that benefit in rising inflation environments, and are beneficiaries of rising rates, including Energy (+13.1%) which was also driven by the surprise invasion of Ukraine, and Materials (+5.5%). In contrast to these, Health Care (-23.2%), Information Technology (-15.0%), Communication Services (-9.6%), Consumer Discretionary (-7.3%), and Real Estate (-5.2%) all underperformed.

The March quarter witnessed some extraordinary movements across the commodities complex. There is a resources super-cycle that is driven by long thematics around decarbonisation, renewable energy and technology-driven changes.

## Outlook

Ausbil believe the market follows earnings, in the medium to long term, though in the short term, markets can deviate from fundamentals. Australia's earnings outlook remain strong, and though rates are rising steadily, companies are still benefitting from low rates and cheap balance sheet funding.

The earnings outlook for FY22 is for growth of +14.0% (S&P/ASX 200), and +3.5% for FY23. In a number of markets such as Resources, some Financials and in some key quality leaders, Ausbil believes consensus is still underestimating earnings growth. Australia's position as a key commodity market globally, and one that whose provenance is increasingly valued on ethical sourcing, quality of materials, and reliability, is set to benefit both the economy and the equity market.

Risks do remain elevated. Ausbil is closely monitoring these risks, including the Russia/Ukraine conflict, the potential for new COVID strains, a steeper return to trend growth from normalising monetary policy, and the effects of interest rates and inflation on the balance sheets of companies.

## Availability

Product name	APIR
SignatureSuper*	AMP1802AU
SignatureSuper Allocated Pension*	AMP1796AU

\*Closed to new investors

## Contact Details

Web: [www.amp.com.au](http://www.amp.com.au)

Email: [askamp@amp.com.au](mailto:askamp@amp.com.au)

Phone: 131 267



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