

Ausbil Australian Active Equity

Quarterly Investment Option Update

31 March 2022

Aim and Strategy

The strategy predominantly invests in a portfolio of listed large cap Australian equities that are primarily chosen from the S&P/ASX 200 Accumulation Index and aims to achieve excess returns before fees over the S&P/ASX 200 Accumulation Index over rolling 3-year periods. The resulting portfolio will typically hold positions in 30-40 stocks.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au/performance

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5 years
Relative risk rating	7 / Very high
Investment style	Core
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.00	99.30
Cash	0.00	0.70

Sector Allocation	%
Energy	5.39
Materials	28.57
Industrials	4.93
Consumer Discretionary	3.77
Consumer Staples	2.86
Healthcare	11.15
Financials	31.09
IT	6.68
Telecommunication	2.29
Utilities	0.00
Real Estate	2.58
Cash	0.70

Top Holdings	%
BHP	10.86
Commonwealth Bank	8.36
CSL	7.94
National Australia Bank	7.05
Macquarie Group	5.17
Santos	3.86
ANZ Bank	3.79
IGO	3.77
QBE Insurance	3.52
Lynas Rare Earths	3.46

Portfolio Summary

- Portfolio overperformed versus the benchmark, as measured by the S&P/ASX 300 Accumulation Index for the quarter ending March 2022.
- The top-ten underweight exposures were in Banks, Chemicals, Construction Materials, Containers & Packaging, Food & Drug Retailing, Gold, Infrastructure Trusts, Real Estate Investment Trusts, Retailing and Utilities.

Investment Option Commentary

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

At a stock level, the overweight positions in BHP, IGO, Santos, National Australia Bank, Computershare, Lynas Rare Earths and Allkem contributed to relative performance. The nil positions in Wesfarmers, James Hardie and Reece also added value. Conversely, the overweight positions in Aristocrat Leisure, CSL, OZ Minerals, Xero, Goodman Group and Ramsay Health Care detracted from relative performance. The underweight positions in Westpac Bank, Woodside Petroleum, South32 and Fortescue Metals 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 300 Accumulation Index), +2.1% for the quarter, with the 1-year return at +15.2%.

The March quarter saw more rotation towards sectors that benefit in rising inflation environments, and are beneficiaries of rising rates, including Energy (+28.3%), Materials (+15.2%) and Financials (+4.4%). Utilities (+14.1%) also delivered solid returns. In contrast to these, Information Technology (-13.7%), Consumer Discretionary (-10.4%) and Health Care (-10.1%) 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 +14.1% (S&P/ASX 300), and +4.6% 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*	AMP1304AU
SignatureSuper Allocated Pension*	AMP1311AU

*Closed to new investors

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