

# Ausbil 130/30 Focus

Quarterly Investment Option Update

30 September 2019

## 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](http://amp.com.au)

## 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	N/A	98.97
Cash	N/A	6.62

Sector Allocation	%
Energy	5.59
Materials	18.58
Industrials	7.98
Consumer Discretionary	4.65
Consumer Staples	3.51
Healthcare	10.73
Financials	30.70
IT	1.13
Telecommunication	1.80
Utilities	1.69
Real Estate	7.03
Cash	6.62

Top Holdings	%
BHP	7.50
CSL	7.29
Commonwealth Bank	6.78
National Australia Bank	5.68
ANZ Bank	5.27
Macquarie Group	4.67
Westpac Bank	4.48
Goodman Group	3.69
Rio Tinto	3.43
Aristocrat Leisure	3.11

## Portfolio Summary

- The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) rebounded from a weaker August to return +1.9% in September and +2.6% for the quarter.
- The aggressive rotation from momentum and growth stocks to cyclical and value stocks was evident in September, with the Communication Services (-2.9%), REITs (-2.3%) and Health Care (-2.2%) sectors underperforming, and the Banks (+5.0%), Energy (+4.5%), Consumer Discretionary (+3.3%) and Materials (+3.0%) sectors outperforming.

## Investment Option Commentary

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

The investment option's largest short positions were in selected stocks within the Consumer Staples, Materials and Industrials sectors.

At a stock level, the investment option benefited from overweight positions in Treasury Wine Estates, The a2 Milk Company, Charter Hall Group, Santos, Aurizon Holdings and National Australia Bank. The underweight positions in Cimic Group, Brambles and Ramsay Health Care as well as the nil holding in South32 also added value. Conversely, the overweight positions in Goodman Group, Northern Star Resources, Dexus Property Group, BHP, Synlait Milk, Seven Group and Medibank detracted from relative performance. The underweight positions in Wesfarmers, Coles and Afterpay Touch also detracted value.

## Market Commentary

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had another positive quarter, returning +2.4%. Mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +3.3%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +3.1%) outperformed large-cap stocks (S&P/ASX 20 Accumulation Index: +1.0%).

In commodities, Energy weakened (Brent Oil: -7.1%, WTI Oil: -7.5%, Metallurgical Coal: -8.5% and Thermal Coal: -9.2%). Metals were mixed (Nickel: +36.5%, Cobalt: +24.0%, Lead: 10.9%, Aluminium: -4.4%, Copper: -4.8%, Zinc: -5.3% and Iron Ore: -20.5%). Precious metals performed strongly (Gold: +4.5%, Silver +11.0%, and Platinum: +5.8%).

Consumer Staples (+11.6%) was the strongest sector across the ASX, followed by the Consumer Discretionary (+9.0%), Health Care (+7.2%), Information Technology (+5.4%), Financials (+3.3%) and Real Estate (+3.3%) sectors. Sectors which lagged the market included Utilities (+1.6%), Industrials (+0.8%), Energy (+0.1%), Communication Services (-3.4%) and Materials (-3.5%).

## Outlook

Global equity markets continue to be influenced by a low interest rate environment and ongoing downside risks. The US Federal Reserve reduced its interest target range by 25bps to 1.75-2%, with Chairman Jerome Powell stipulating that the US was not heading into recession, nor intending to adopt negative interest rates. The RBA decided to keep interest rates unchanged in September, though proceeded to reduce rates by 25bps to a record low of 0.75% in early October, with the RBA "prepared to ease monetary policy further if needed."

The Australian economy is in a record 28th year of uninterrupted growth, with monetary and fiscal policy stimulus recently injected. GDP slows to 2.1% this year before recovering to 2.7% in 2020 and 2.9% in 2021. The Reserve Bank has factored into its outlook the household income tax cuts and successive reductions in the cash rate to 0.75%. At this stage, further interest rate cuts are likely, and the implementation of "quantitative easing" as a policy tool cannot be ruled out. Forward policy guidance repeated that an extended period of low interest rates will be required, and that the Bank stands ready to ease further in meeting their goals of full employment and achieving their inflation target. The Australian dollar is anchored, for now, at around 67 cents, with a downside break likely should rate cuts continue.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1814AU
AMP Flexible Super - Retirement account	AMP1782AU
AMP Flexible Super - Super account	AMP1790AU
CustomSuper	AMP1814AU
Flexible Lifetime - Allocated Pension	AMP1808AU
SignatureSuper	AMP1802AU
SignatureSuper Allocated Pension	AMP1796AU

## 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



### What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from ASL, AMP Life or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (underlying fund). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither AMP Life, ASL, any other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.