

Ausbil Australian Active Equity

Quarterly Investment Option Update

31 March 2020

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

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5+ years
Relative risk rating	6 / High
Investment style	Core
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.00	97.88
Cash	0.00	2.12

Sector Allocation	%
Energy	2.55
Materials	21.56
Industrials	6.44
Consumer Discretionary	4.34
Consumer Staples	4.84
Healthcare	15.57
Financials	30.53
IT	1.75
Telecommunication	4.07
Utilities	0.00
Real Estate	6.20
Cash	2.12

Top Holdings	%
CSL	11.69
Commonwealth Bank	8.60
BHP	8.22
National Australia Bank	5.20
QBE Insurance	4.19
Rio Tinto	4.09
Telstra	4.07
Macquarie Group	4.01
Westpac Bank	3.72
Woolworths	3.65

Portfolio Summary

- Fund performance for the quarter ending March 2020 was -25.26% (gross of fees), versus the benchmark return of -23.41%, as measured by the S&P/ASX 300 Accumulation Index.
- During the quarter, the Fund reduced positions in the Real Estate, Consumer Discretionary, Energy, Information Technology, Consumer Staples, Health Care and Financials sectors. The proceeds were used to increase positions in the Materials and Industrials sectors.

Investment Option Commentary

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

At a stock level, the overweight positions in CSL, Rio Tinto, Brambles and Goodman Group contributed to relative performance. The nil position in Scentre Group, Woodside Petroleum, Oil Search, Origin Energy, Vicinity Centres and Sydney Airport also added value over the quarter. Conversely, the overweight positions in Santos, Lendlease, Qantas, Stockland, BlueScope Steel, Macquarie Group, Aristocrat Leisure and Worley detracted from relative performance. The underweight positions in Coles and not holding Fortescue Metals also detracted value.

Market Commentary

Over the quarter, Health Care was the only sector with positive performance returning +1.5%. Other sectors that outperformed the ASX, on a relative basis, included Consumer Staples (-4.1%), Utilities (-9.6%), Communication Services (-16.9%) and Materials (-22.1%). Sectors which lagged the market include Information Technology (-24.0%), Financials (-28.0%), Industrials (-28.2%), Consumer Discretionary (-30.0%), Real Estate (-34.7%) and Energy (-48.2%).

In commodities, Oil prices plummeted (Brent Oil: -67.5%, WTI Oil: -66.5%) and Coal was mixed (Metallurgical Coal: -3.8%, Thermal Coal: +2.5%). Base metals weakened (Manganese: -2.6%, Cobalt: -8.5%, Aluminium -16.2%, Nickel: -18.0%, Copper: -19.7%), with Iron Ore (-7.7%) and Steel (-4.6%) also weaker. Within precious metals, Gold (+3.9%) performed strongly whilst Silver (-21.7%) and Platinum (-25.2%) weakened considerably during the period.

Outlook

The coronavirus outbreak continues to remain a global health and economic challenge that has seen extreme levels of volatility and a consequent decline within equity markets. March 2020 was the worst month of performance for the S&P/ASX 200 Index since October 1987, and the worst quarter ever recorded for the Index. The Australian dollar dropped into the 55 US cents range at one stage, oil prices slid to around US\$20 a barrel, credit spreads widened significantly, and US 10-year bond yields plummeted from 1.15% to 0.67%.

Confidence within the economy and equity markets has been rocked, with many investors questioning the duration and impact of the pandemic, and the potential timeframe for when equity markets can recover. That being said, the situation continues to evolve, with governments and central banks acting swiftly to limit both the spread of the virus, and the economic impacts brought about by containment measures.

We expect an ongoing recapitalisation process amongst those companies that are struggling with a lack of cash flow and have debt levels considered too high in this environment. At the same time, equity markets remain forward looking, and investors will do well to see opportunities within certain pockets of the market that may have been oversold, thereby presenting attractive value. We believe that focussing on the strength of company balance sheets and cash flows will remain key in a time of sustained uncertainty and volatility.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1290AU
AMP Flexible Super - Retirement account	AMP1332AU
AMP Flexible Super - Super account	AMP1461AU
CustomSuper	AMP1290AU
Flexible Lifetime - Allocated Pension	AMP1297AU
Flexible Lifetime Investment (Series 2)	AMP2045AU
SignatureSuper	AMP1304AU
SignatureSuper Allocated Pension	AMP1311AU

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