

# Ausbil Australian Active Equity

Quarterly Investment Option Update

30 June 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](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>	6 / High
<b>Investment style</b>	Core
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.00	99.47
Cash	0.00	0.53

Sector Allocation	%
Energy	3.31
Materials	22.81
Industrials	6.15
Consumer Discretionary	5.37
Consumer Staples	3.08
Healthcare	14.27
Financials	31.36
IT	4.52
Telecommunication	2.49
Utilities	0.00
Real Estate	6.08
Cash	0.53

Top Holdings	%
CSL	9.41
Commonwealth Bank	8.33
BHP	8.33
National Australia Bank	6.41
QBE Insurance	4.80
Rio Tinto	4.50
Macquarie Group	3.65
ANZ Bank	3.62
Santos	3.31
Lendlease	3.10

## Portfolio Summary

- The Investment Option performance for the quarter ending June 2020 was +18.36% (gross of fees), versus the benchmark return of +16.79%, as measured by the S&P/ASX 300 Accumulation Index.
- During the quarter, the Investment Option reduced positions in the Industrials, Consumer Staples and Real Estate sectors. The proceeds were used to increase positions in the Banking, Insurance, Consumer Discretionary, Health Care, Materials and Information Technology sectors.

## Investment Option Commentary

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

At a stock level, the overweight positions in Afterpay, Santos, Macquarie Bank, Oz Minerals, JB Hi-Fi, BlueScope Steel and AMP all contributed to relative performance. The nil positions in Insurance Australia Group, AGL Energy and Cochlear also added value over the quarter. Conversely, the overweight positions in Saracen Mineral Holdings, Telstra and Brambles detracted from relative performance. The underweight position in Newcrest Mining, and not holding Wesfarmers, Fortescue Metals, James Hardie and Scentre Group also detracted value.

## Market Commentary

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) rebounded in the June quarter, returning +16.8%. The mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +30.3%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +23.9%) strongly outperformed large-cap stocks (S&P/ASX 20 Accumulation Index: +12.3%).

In the June quarter, all sectors provided positive performance, rebounding from a challenging March quarter. Information Technology (+45.8%) led the market, followed by Consumer Discretionary (+28.3%), Energy (+28.3%), Materials (+26.6%) and Real Estate (+20.4%). Sectors which underperformed the market included Industrials (+15.0%), Communication Services (+14.5%) and Financials (+13.1%), with defensive sectors such as Utilities (+7.3%), Consumer Staples (+6.9%) and Health Care (+2.9%) trailing.

In commodities, Oil rebounded considerably (Brent Oil: +90.5%, WTI Oil: +91.7%) and Coal was weaker (Metallurgical Coal: -9.5%, Thermal Coal: -27.7%). Base metals strengthened (Copper: +21.6%, Tin: +14.7%, Nickel: +11.6%, Zinc: +7.5%, Lead: +1.7%, Manganese: +1.4%), with Iron Ore (+21.0%) and Steel (+10.0%) also stronger. Precious metals also performed strongly during the period (Gold: +12.9%, Silver: +30.3%, Platinum: +14.7%).

## Outlook

In June, the equity markets added to significantly strong performances in prior months with the Australian economy displaying glimpses of increased activity. Despite a recent surge in coronavirus cases, and mounting fears of a 'second wave' of infections, the S&P/ASX 200 has remained buoyant, with June printing the second best quarter ever recorded, posting a gain of 16.5%. Other markets have also anticipated an earlier than expected economic recovery with the Australian dollar resilient at 69 US cents, having dipped below 60 cents in late March. Bond yields have also stabilised, with the Australian 10-year at 0.87% as at the end of June. Nevertheless, the Fund Manager believe uncertainties associated with Covid-19, the US presidential election and geopolitical tensions may present further volatility within equity markets.

As we move closer to the August reporting season, the Fund Manager expect ongoing adjustments to consensus earnings forecasts in the blackout period during which companies traditionally provide fewer updates and announcements. They continue to monitor and position portfolios to ensure appropriate exposure towards companies with a strong earnings outlook ahead of the upcoming reporting season.

## 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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