

# Ausbil Australian Active Equity

Quarterly Investment Option Update

30 September 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:

[www.amp.com.au/performance](http://www.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>	6 / High
<b>Investment style</b>	Core
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.00	99.72
Cash	0.00	0.28

Sector Allocation	%
Energy	3.00
Materials	23.09
Industrials	8.94
Consumer Discretionary	4.98
Consumer Staples	2.85
Healthcare	14.75
Financials	27.00
IT	6.07
Telecommunication	2.09
Utilities	0.00
Real Estate	6.94
Cash	0.28

Top Holdings	%
CSL	9.82
BHP	8.66
Commonwealth Bank	7.41
National Australia Bank	5.79
Macquarie Group	3.68
Afterpay	3.67
Aristocrat Leisure	3.58
ANZ Bank	3.49
QBE Insurance	3.36
Westpac Bank	3.27

## Portfolio Summary

- Portfolio performance for the quarter ending September 2020 was +2.34% (gross of fees) versus the benchmark return of -0.06%, as measured by the S&P/ASX 300 Accumulation Index.
- Over September, Portfolio weights increased in Infrastructure Trusts with the addition of the recently recapitalized Sydney Airport, and in the Transportation (Qantas) and Online Services sectors with the addition of Webjet as the economy shifts towards reopening, and more relaxed travel conditions.

## Investment Option Commentary

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

At a stock level, the overweight positions in Afterpay, OZ Minerals, Aristocrat Leisure, Goodman Group, NextDC, Super Retail Group and Qantas contributed to relative performance. The nil positions in Woodside Petroleum, The a2 Milk Company and Insurance Australia Group also added value. Conversely, the overweight positions in AMP, Lendlease, Santos, IGO, National Australia Bank and Saracen Mineral Holdings detracted from relative performance. The nil holdings in Fortescue Metals, James Hardie, Xero and ALS also detracted value.

## Market Commentary

Despite a negative month on markets, the September quarter has been strong for equities, including a robust US quarterly reporting season that saw S&P 500 companies exceed earnings expectations by an average of 22%, and an Australian full year reporting season that delivered falls in earnings that were not as bad as feared, and the opportunity for many companies to reinforce their balance sheets through capital raisings.

This quarter, global markets continued their post-March rally. The global economy continues to show signs of recovery, though in September equity markets across the world took a breather in the wake of further conflict between the US and China, some resurgence in COVID-19 cases in the US amongst other countries, and some uncertainty as the US enters the late phases of the 2020 general election.

## Outlook

Moving beyond FY 2020 reporting season, investors are now looking critically towards catalysts for upward earnings revisions across the market, such as the upcoming AGM season, with the hope that steady improvement in the economy will aid a return to earnings growth.

In March 2020, the Australian government deferred the Federal Budget for 2020/21 to 6 October given the extraordinary circumstances of the unfolding of the pandemic. This has allowed the government to focus primarily on stimulus, and given them time to assess in more detail the budgetary impacts on Australia's economy. On Tuesday, 6 October, the government announced additional stimulus initiatives which are expected to provide further support for economic recovery in Australia.

Aubil's house view remains for a U-shaped recovery, starting in the second half of 2020, and strengthening into 2021. On earnings, they expect FY 2022 to be the first full year of normalised earnings, with FY 2021 straddling the economic recovery. If a vaccine becomes available in the meantime, they expect this recovery outlook to accelerate.

## 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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