

# Ausbil 130/30 Focus

Quarterly Investment Option Update

31 December 2020

## 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/performance](http://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>	7 / Very high
<b>Investment style</b>	Specialist – Long/Short
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	94.94
Cash	0	5.06

Sector Allocation	%
Energy	3.26
Materials	21.14
Industrials	5.97
Consumer Discretionary	7.47
Consumer Staples	5.62
Healthcare	12.34
Financials	27.67
IT	4.67
Telecommunication	0.53
Utilities	-0.25
Real Estate	6.52
Cash	5.06

Top Holdings	%
CSL	8.48
Commonwealth Bank	8.44
BHP	7.81
National Australia Bank	5.15
ANZ Bank	4.49
Woolworths	3.71
Macquarie Group	3.63
Goodman Group	3.48
Rio Tinto	3.29
Wesfarmers	3.16

## Portfolio Summary

- Portfolio performance for the quarter ending December 2020 was +13.21 % (gross of fees) versus the benchmark return of +13.70%, as measured by the S&P/ASX 200 Accumulation Index.
- Moving into January, the Portfolio's top-ten overweight exposures were in the following sectors: Hotels Restaurants & Leisure, Diversified Metals & Mining, Pharmaceuticals & Biotechnology, Banks, Life Insurance, Transportation, Software & Services, Construction Materials, Health Care Equipment & Services and Steel.

## Investment Option Commentary

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

The Portfolio's largest short positions were in selected stocks within the Financials, Industrials and Health Care sectors.

At a stock level, the overweight positions in Nuix, Lynas, BlueScope Steel, National Australian Bank and BHP contributed to relative performance. The nil position in Evolution Mining also added to performance. Conversely, the overweight positions in CSL, Saracen Mineral Holdings, Ramsay Health Care, United Malt Group, Sonic Healthcare, Goodman Group, Aristocrat Leisure and Dexus Property Group detracted from relative value. The underweight exposure to Afterpay also detracted value.

## Market Commentary

The Australian equity market return in December of +1.2% (as measured by the S&P/ASX 200 Accumulation Index) was positive for the month, but significantly underperformed both Emerging Market (MSCI EM: +7.4%) and Developed Market equities (MSCI World: +4.2%). On a quarterly basis, Emerging Market equities (MSCI EM: +19.7%) outperformed Developed Market (MSCI World: +14.0%) and local equities (S&P/ASX 200 Accumulation Index: +13.7%).

Domestically, running along the market-cap spectrum, Australia's key indices performed strongly across the quarter, with large-cap equities (S&P/ASX 20: +15.2%, S&P/ASX 100: +13.8%, S&P/ASX 200: +13.7%, S&P/ASX 300: +13.8%), mid-cap equities (S&P/ASX MidCap 50: +16.9%), and small cap equities (Emerging Companies: +17.4% and Small Ordinaries: +13.8%) all performing solidly.

## Outlook

Ausbil's view of a robust u-shaped economic recovery remains, with the rebound that started in the second half of 2020 to strengthen into 2021, with a consequent recovery in company earnings. The unfolding economic recovery will benefit both growth and cyclical businesses, supported by ongoing accommodative monetary and fiscal policies. Ausbil are also seeing the potential for both 'rebound' and 'organic' growth to drive a return to full earnings capacity across industries as they emerge from lockdowns, as the consumer returns to a more balanced pattern of spending, and as the world trends towards a more normalised global trade environment.

However, key risks remain around the pandemic itself, as they are yet to see the efficacy of new vaccines deployed amongst the actual population. Moreover, new virus strains and localised infection spikes in Australia, and globally brought December back to reality from the heady returns of November. The markets closed the year positively, but with a somewhat sombre mood with respect to the localised spikes and border closures in Australia, problems across Europe that saw lockdowns extended into the new year, and worsening infection burdens in the US, and many developing economies where the virus is far from controlled. While these developments do not change Ausbil's macro outlook for recovery, they remain keenly in focus, and they are managing the portfolios accordingly.

## Availability

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

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