

# Ausbil Australian Active Equity

Quarterly Investment Option Update

31 December 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/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>	6 / High
<b>Investment style</b>	Core
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	99.72
Cash	0	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 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

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. They 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 their portfolios accordingly.

## Availability

Product Name	APIR Code
AMP Flexible Super - Super	AMP1461AU
AMP Flexible Super - Retirement	AMP1332AU
CustomSuper	AMP1290AU
Flexible Lifetime - Super	AMP1290AU
Flexible Lifetime - Allocated Pension	AMP1297AU
Flexible Lifetime - Investments (Series 2)	AMP2045AU**
SignatureSuper	AMP1304AU
SignatureSuper - Allocated Pension	AMP1311AU

\*\*Closed to new and existing investors

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