

Ausbil Australian Active Equity

Quarterly Investment Option Update

31 December 2021

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

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5+ years
Relative risk rating	7 / Very High
Investment style	Core
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.00	99.83
Cash	0.00	0.17

Sector Allocation	%
Energy	3.17
Materials	25.59
Industrials	5.35
Consumer Discretionary	4.88
Consumer Staples	3.14
Healthcare	13.26
Financials	32.84
IT	7.47
Telecommunication	0.00
Utilities	0.00
Real Estate	4.14
Cash	0.17

Top Holdings	%
CSL	8.76
BHP	8.48
Commonwealth Bank	7.97
National Australia Bank	6.57
Macquarie Group	5.53
ANZ Bank	3.95
Lynas Rare Earths	3.86
Aristocrat Leisure	3.85
QBE Insurance	3.64
OZ Minerals	3.33

Portfolio Summary

- Portfolio overperformed versus the benchmark, as measured by the S&P/ASX 300 Accumulation Index for the quarter ending December 2021.
- The top-ten underweight exposures were in Banks, Construction Materials, Energy, Food & Drug Retailing, Gold, Infrastructure Trusts, Metals & Mining, Steel, Telecommunication Services, and Retailing.

Investment Option Commentary

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

At a stock level, the overweight positions in Lynas Rare Earths, IGO, OZ Minerals, Allkem, BHP, Macquarie Group, Charter Hall and 29Metals contributed to relative performance. The nil positions in Domino's Pizza and Woodside Petroleum also added value. Conversely, the overweight positions in Santos, Qantas, Afterpay, Webjet, Aristocrat Leisure, QBE Insurance and Suncorp detracted from relative performance. The nil holdings in Fortescue Metals, Wesfarmers and Pilbara Minerals also detracted value.

Market Commentary

December ended the year with a monthly return of +2.8%, capping the annual return for calendar year 2021 at an impressive 17.2% (S&P/ASX 200 Accumulation Index). The past three years have been good for equities despite almost two years of global pandemic, generating compound annual returns of 13.6%.

In the lead-up to Christmas, major concern in the post-lockdown phase of COVID was a return to lockdowns with the appearance of Delta and Omicron. Fortunately, the run-up to Christmas, New Year and the January holiday window remained open, and while we are yet to see the spending impact on GDP, in terms of sentiment this saw markets close the year strongly and the resumption of relatively more normal activity. Ausbil expect to see the benefits of the more open economy this quarter feed through into the FY22 results which will be reported in February.

Outlook

As we enter 2022, after two years of COVID madness, the rapid outbreak with Omicron, considered to be less virulent in symptoms though more infectious, it feels like we have reached a turning point in this one-in-one-hundred-years pandemic event. Immunologists are discussing the place of Omicron in the eventual path to herd immunity and the virus eventually mutating into just another flu. Despite spikes in infections, governments are beyond hesitant to return to lockdowns. Rather, there has been a wholehearted push for the public to normalise, shop, dine, entertain and mingle, provided precautions are taken.

Unless something material changes in terms of clinical findings on Omicron, Ausbil continue to look through this noise at the path of the economy post-lockdown. Ausbil expects two exceptional quarters for growth, followed by above-trend growth throughout 2022 and leading into 2023. However, risks remain but Ausbil are monitoring them closely as always to ensure the right portfolio settings.

Looking ahead, Ausbil expect cyclical leadership will change, but as a grouping will continue to perform, with strong earnings outlooks for FY22, particularly from late calendar 2021. Quality growth and structural leaders are also offering a strong earnings rebound into FY22 and FY23.

Availability

Product name	APIR
SignatureSuper*	AMP1304AU
SignatureSuper Allocated Pension*	AMP1311AU

*Closed to new investors

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