

# Ausbil Active Sustainable Equity Fund

Quarterly performance update

March 2025

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'Trump's 'Liberation Day' reciprocal tariffs on 2 April were at levels which were significantly larger and materially worse than markets expected'

## Performance Review

Fund performance for the quarter ending March 2025 was -3.24% (net of fees), versus the benchmark return of -2.80%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Evolution Mining, Charter Hall Group, Sandfire Resources, Computershare, Medibank Private, Cochlear, BlueScope Steel and Brambles added to relative performance. The nil positions in WiseTech Global and Fortescue also added value. Conversely, the overweight positions in Block, Pilbara Minerals, Life360, Goodman Group, James Hardie, Pro Medicus and Macquarie Group detracted from relative performance. The nil positions in QBE Insurance, Northern Star Resources and BHP also detracted value.

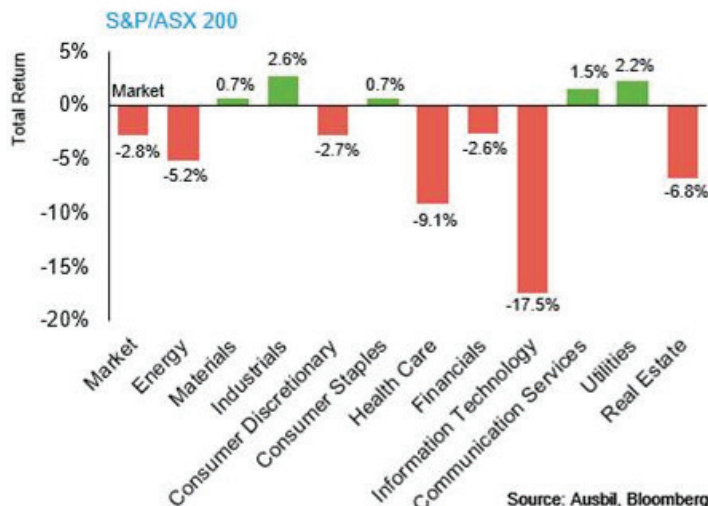
## Market Review

The March quarter was marked with highs and lows as President Trump excited, then worried markets with his broad sweeping tariff policies. The S&P/ASX 200 Accumulation Index fell by -2.8%, in the quarter, and -3.4% for the month, bringing the trailing market 1-year return to +2.8%.

Emerging markets outperformed developed markets, with the US in particular underperforming. Global markets ended the quarter in a tailspin waiting for the outcome of Trump's 'Liberation Day' tariff announcements that will potentially rewrite world trade flows.

At the sector level this quarter, market uncertainty reflected in performance. Energy, Information Technology, Health Care, Real Estate were sold off significantly relative to market, with more defensive sectors like Utilities, Communication Services and Consumer Staples outperforming, as shown in the chart.

## Sector returns – March Quarter 2025



## Fund Characteristics

Returns<sup>1</sup> as at 31 March 2025

Period	Fund Return <sup>1</sup> %	Benchmark <sup>2</sup> %	Out/Under-performance %
1 month	-4.78	-3.39	-1.39
3 months	-3.24	-2.80	-0.44
6 months	-2.06	-3.57	1.52
1 year	6.09	2.84	3.25
2 years pa	11.98	8.49	3.49
3 years pa	5.02	5.62	-0.59
4 years pa	7.65	7.88	-0.23
5 years pa	14.96	13.24	1.73
7 years pa	10.07	8.64	1.43
Since inception pa Date: 31 Jan 2018	9.39	7.90	1.49

## Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
Commonwealth Bank	8.73	10.73	-2.00
CSL	6.41	5.13	1.28
Wesfarmers	4.77	3.47	1.30
Rio Tinto	4.28	1.82	2.46
Macquarie Group	4.15	2.96	1.19
Telstra	3.64	2.07	1.57
Westpac Bank	3.60	4.60	-1.01
National Australia Bank	3.40	4.44	-1.04
Goodman Group	3.39	2.45	0.94
Cochlear	3.22	0.73	2.49

## Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	0.00	4.09	-4.09
Materials	14.04	19.24	-5.20
Industrials	7.29	6.23	1.06
Consumer Discretionary	6.45	7.62	-1.17
Consumer Staples	3.09	3.85	-0.76
Health Care	10.85	9.73	1.12
Financials	34.31	34.39	-0.08
Information Technology	11.52	4.14	7.38
Communication Services	3.64	2.51	1.12
Utilities	0.00	1.48	-1.48
Real Estate	5.92	6.72	-0.80
Cash	2.89	0.00	2.89
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees but before taxes and assume distributions are reinvested.  
 2. The benchmark is S&P/ASX 200 Accumulation Index.

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## Outlook

On 2 April, President Trump announced pivotal extensions to his tariff policy. We will be monitoring this change closely and we expect more volatility, with our initial expectations being that the heightened uncertainty results in an economic slowdown near term, before a recovery in the second half in response to interest rate cuts and more information on tariff outcomes. However, our positions are fundamentally aligned with Ausbil's view that Trump's deregulation, lower taxes and pro-market policies will benefit in US growth alongside global growth over a 12–18-month time horizon. There may be a period where it feels like the opposite in the short term, so the market needs to separate sentiment from the fundamentals of the cycle.

Ausbil's house view is that the economy remains on a positive trajectory in 2025, with lower inflation and some rate cuts. We see a supportive environment for earnings growth and Australian equities in general. The market is more positive on FY26, with earnings growth expectations for the S&P/ASX 200 Accumulation Index closing reporting season at +8.2%, a slight improvement on the start of reporting season EPSg outlook of +8.1%. Ausbil is more constructive than the market on FY26 earnings, we believe because of differing macro views.

While we are looking through the tariff noise at positive US and global growth, there has been a short-term impact on the market driven by uncertainty and fear. Weaker prices this quarter has offered the potential to add to positions.

## ESG Review

In March, Ausbil continued its focus on human rights-related engagements and policy advocacy. For instance, Ausbil chaired the first human rights working group meeting in 2025 for RIAA. This included an update from Ausbil on recent human rights insights in relation to digital tech and AI as well as an update on the regulatory and corporate landscape in relation to modern slavery. The meeting also included guest speakers on the topic of diversity, equity and inclusion (DEI). Also, Ausbil provided input to Australia's newly appointed Anti-Slavery Commissioner's request for feedback in relation to his strategic plan in 2025-2028. This covered suggestions on key priorities, principal objectives, key actions and measures for success for his initial term.

This month, Ausbil participated in a stakeholder materiality survey with Telstra on sustainability strategy. We met with the chair and discussed board composition, succession planning and incentive setting in relation to Telstra's next 5-year strategy (T30). We engaged Life 360 on their approach to privacy and data, especially with respect to minors. We engaged with Sandfire Resources on their progress towards their renewable electricity target and challenges associated with renewables in Botswana. We asked them for an update on their relationship with the Yugunga-Nya traditional owners. We engaged BlueScope Steel on ESG disclosure and key priorities for their sustainability strategy. Ausbil had meetings with ANZ, and provided input on stakeholder materiality assessment. We spoke with Webjet on their sustainability and ESG strategy, Pro Medicus on cybersecurity risk management and human capital strategy, including frameworks to foster retention of high performing staff. We also spoke with Xero on cultural change, including their methodology for measuring staff engagement, impact on staff engagement and measures for retention of high-performing staff.

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