

# Ausbil Long Short Focus Fund

Quarterly performance update

March 2024

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'We do see, and are positioned for, earnings growth despite the lagging impact of monetary tightening on real GDP'

## Performance Review

Fund performance for the quarter ending March 2024 was +3.46% (net of fees), versus the benchmark return of +1.05%, as measured by the Reserve Bank of Australia Cash Rate.

At a sector level, contributors for the quarter were positions in Information Technology, Consumer Discretionary, Health Care, Real Estate, Utilities, Energy, Consumer Staples and Communication Services. The detractors for the quarter were positions in index derivatives employed for risk management purposes, Industrials, Materials and Financials.

At a stock level, key contributors for the quarter were positions in Goodman Group, Light & Wonder, Helius and Domino's Pizza. The key detractors for the quarter were positions in Commonwealth Bank, QBE Insurance, Lynas Rare Earths and Deep Yellow.

As at 31 March 2024, the Fund was positioned long 51% and short 51%, for net short exposure of 0% and a gross exposure of 103%.

## Outlook

While headline inflation is peaking across Australia and other developed countries, the RBA tightened less than other central banks. Consequently, we see a risk that Australia will have higher rates for longer relative to other developed markets as they move to reduce rates through the second half of CY24. We are seeing some positive signs of goods deflation in Australia, however, monetary policy has not yet dampened demand enough or outright changed the core inflationary profile sufficiently to meet inflation targets. Having met with company management teams following the February reporting season we expect the elevated level of share price and earnings volatility to continue. We do see, and are positioned for, earnings growth despite the lagging impact of monetary tightening on real GDP via weaker demand (consumer sentiment revisiting GFC lows, real wages going further negative, lower corporate earnings), and higher cost of debt (both higher reference rates and wider credit spreads).

## Strategy

Overall, we continue to expect heightened volatility as inflation peaks, tighter monetary policy impacts the economy, and as policy normalises globally through CY24. We favour companies that have clear pricing power and exhibit more structural rather than cyclical growth drivers irrespective of the business cycle. We maintain long positions in quality structural growth companies. We continue to add to some of these existing positions while appropriately hedging our positions to preserve capital amidst heightened volatility and any potential weakness in cyclicals that have rallied aggressively.

## Returns as at 31 March 2024

Period	Fund %	Bench- mark <sup>1</sup> %	Out/Under Performance %
	Net		Net
1 month	1.61	0.33	1.29
3 months	3.46	1.05	2.41
6 months	1.68	2.11	-0.42
1 year	2.74	4.11	-1.37
2 years pa	0.77	3.08	-2.31
3 years pa	3.31	2.08	1.23
Since inception pa Date: 29 September 2020	7.41	1.80	5.61

1. The benchmark is the Reserve Bank of Australia Cash Rate.

## Fund Market Exposure<sup>2</sup>

Exposure (month end)	%
Long	51.43
Short	-51.38
Net	0.06
Gross	102.81

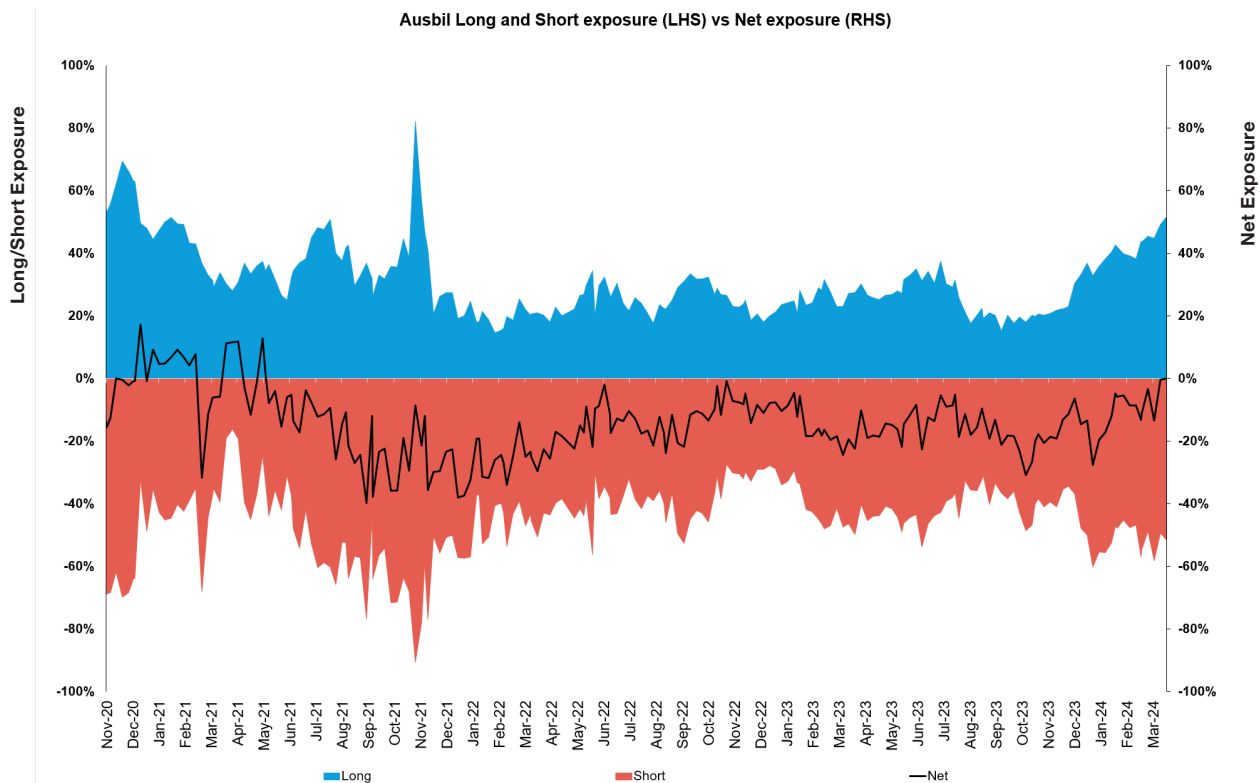
2. The exposures shown are adjusted for any derivatives, for example, exchange traded derivatives, held by the Fund.

## Monthly Returns (net)

Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sept %	Oct %	Nov %	Dec %	CYTD %
2020									1.37	1.22	3.49	-0.38	5.78
2021	4.97	5.47	-0.54	0.92	0.60	-0.04	1.71	1.06	1.51	0.77	2.05	0.16	20.10
2022	1.80	-0.90	-1.32	0.78	1.26	2.29	-2.15	-0.35	0.54	-2.88	-0.48	0.81	-0.73
2023	-0.88	1.13	-1.12	-1.11	1.06	-0.82	-0.96	0.02	2.91	1.01	-0.97	-1.75	-1.58
2024	0.71	1.10	1.61										3.46



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