

Ausbil Active Dividend Income Fund

Monthly performance update

April 2024

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'We believe earnings growth will recover more than the market expects in FY25, to +5.5% in earnings growth on Ausbil's estimates'

Performance Review

Fund performance for April 2024 was -2.48% (net of fees), versus the benchmark return of -2.94%, as measured by the S&P/ASX 200 Accumulation Index.

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

At a stock level, the overweight positions in Origin Energy, Evolution Mining, IGO, Sandfire Resources, AGL Energy, Pilbara Minerals, ResMed and Suncorp contributed to relative performance. The underweight position in Commonwealth Bank and the nil position in Transurban Group also added value. Conversely, the overweight positions in Brambles, James Hardie, Goodman Group and Premier Investments detracted from relative performance. The underweight positions in Fortescue Metals and Computershare, and the nil positions in South32, Newmont Corporation, Qantas and Lynas Rare Earths also detracted value.

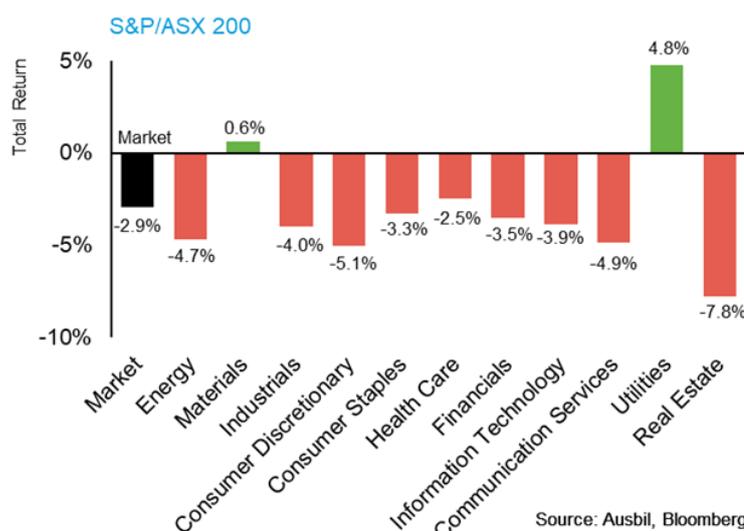
Market Review

April saw markets give back a little of the upside delivered in the March quarter, with the S&P/ASX 200 Accumulation Index delivering -2.9%, bringing the trailing market 1-year return to +9.1%.

Globally, developed markets (MSCI World) underperformed emerging markets (MSCI EM) on indications that rate cuts would be pushed out on stronger than expected economic data. North American and European markets were down, with the exception of the UK. Hong Kong was a positive outlier.

At a sector level, Utilities and Materials were the only positive standouts, as shown in the chart. Many sectors like Real Estate, Consumer Discretionary and Information Technology were impacted by the market's view that rates cuts would be pushed out on stronger data.

Sector returns – April 2024



Fund Characteristics

Returns¹ as at 30 April 2024

Period	Distribution Return ² % Net	Growth Return % Net	Total Return % Net	Bench- mark ³ %	Excess Return ⁴ % Net
1 month	0.44	-2.92	-2.48	-2.94	0.46
3 months	1.36	-0.57	0.78	1.04	-0.25
6 months	2.99	9.24	12.22	15.17	-2.95
1 year	5.98	0.51	6.50	9.07	-2.58
2 years pa	6.42	-2.91	3.51	5.90	-2.40
3 years pa	6.49	-0.61	5.89	7.30	-1.42
4 years pa	7.11	4.95	12.05	12.74	-0.69
5 years pa	6.14	1.73	7.87	8.00	-0.13
Since inception pa Date: July 2018	6.34	1.83	8.16	7.85	0.31

Top 10 Stock Holdings

Name	Fund %	Index ³ %	Tilt %
BHP	11.07	9.56	1.51
CSL	6.70	5.87	0.84
National Australia Bank	6.06	4.61	1.45
Westpac Bank	5.89	3.98	1.91
Commonwealth Bank	5.33	8.41	-3.09
Wesfarmers	4.54	3.32	1.21
ANZ Bank	4.47	3.71	0.76
Goodman Group	3.97	2.40	1.57
Macquarie Group	3.38	2.95	0.43
Woodside Energy Group	2.75	2.35	0.40

Sector Tilts

Sector	Fund %	Index ³ %	Tilt %
Energy	7.60	5.11	2.49
Materials	23.05	22.47	0.58
Industrials	3.20	6.17	-2.97
Consumer Discretionary	8.77	6.98	1.79
Consumer Staples	3.31	4.04	-0.73
Health Care	8.14	9.66	-1.52
Financials	32.48	30.80	1.67
Information Technology	0.00	4.42	-4.42
Communications Services	2.72	2.32	0.40
Utilities	3.53	1.46	2.07
Real Estate	4.84	6.57	-1.73
Cash	2.36	0.00	2.36
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes and exclude franking credits.
2. The 2018/2019 distribution was 92% franked. The 2019/2020 distribution was 70% franked. The 2020/2021 distribution was 71% franked. The 2021/2022 distribution was 93% franked. The 2022/2023 distribution was 85% franked.
3. S&P/ASX 200 Accumulation Index.
4. Excess returns are net of fees but before taxes and exclude franking credits.



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Outlook

Australia's economy remains robust, though growing sub-trend across calendar 2024. Ausbil expects economic growth to bottom in 2024 at 2.0%, after which we see it firming to 2.5% in calendar 2025. We believe we will see some modest rate cuts in late 2024 and further cuts in 2025 (Australia and the US). This will help smooth the cost of capital for businesses through moderating the yield curve, not as stimulus for a struggling economy.

In this environment, we believe earnings growth will recover in FY25 to +5.5%, broadening across sectors, and moving down the market cap spectrum. We think that with a downward bias in rates, and tax cuts that take effect in July, cyclicality will return to the market. This will support housing, consumers, select real estate and other cyclical businesses.

Decarbonisation and the energy transition remain significant themes that will drive value across resources, energy, utilities and the mining services sector with respect to critical commodities. We are also seeing structural earnings growth in technological transformation, the rise of artificial

intelligence (AI), and the enablers and businesses that increasingly operate in the digital environment, including communications companies.

Moving into May, the Portfolio increased its positions in quality dividend paying companies as outlined at the end of this report. With our active approach, the Fund can be focused on the highest quality dividend payers at any given point in time, avoiding dividend traps, allocating away from distressed or slow sectors, and actively seeking quality dividends as they arise. This means that sector exposures can change dynamically over time, not just because of sector specific issues, but also at different stages of the business and dividend cycles that impact the quantum and timing of earnings growth and dividend paid.

Consensus estimates for the S&P/ASX 200 Index forecast EPS growth at -4.3% for FY24 and +3.0% for FY25. The market is now offering PE valuations of 16.3x and 15.9x for FY24 and FY25 respectively, with a dividend yield of 3.9% for FY24.

Monthly Distributions

	Ex-Price (mid) 30 June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ex-Price (mid) 30 June	Total CPU	Franking Credit Per Unit	Franking Level
FY 2019	\$1.000000	0.45	0.45	0.45	0.44	0.44	0.44	0.44	4.77	0.44	0.44	0.44	2.43	\$1.019293	11.63	4.58	92%
FY 2020	\$1.019293	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.54	\$0.893822	5.60	1.67	70%
FY 2021	\$0.893822	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	1.15	\$1.099169	5.00	1.52	71%
FY 2022	\$1.099169	0.46	0.46	0.46	2.00	0.46	0.46	0.46	0.46	0.46	0.46	0.46	3.56	\$0.954105	10.16	4.07	93%
FY 2023	\$0.954105	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	1.00	\$1.003187	6.06	2.20	85%
FY 2024	\$1.003187	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47						

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