



# AB Concentrated Australian Equities Fund Class A

## Fund Objective

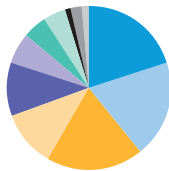
- The AB Concentrated Australian Equities Fund Class A (the "Fund") aims to achieve returns that exceed the S&P/ASX 300 Accumulation Index after fees over the medium to long term.

## Why Consider Investing in This Fund?

- The Fund is designed for investors with high risk tolerances and who want the potential for long-term capital growth and franked dividend income by investing in a concentrated portfolio of approximately 15 to 25 securities listed in Australia.

## Fund Structure

### Sector Allocation



- Industrials: 20.1%
- Financials: 19.3%
- Materials: 19.0%
- Communication Services: 11.1%
- Healthcare: 10.7%
- Energy: 6.0%
- Real Estate: 4.9%
- Consumer Discretionary: 4.2%
- Consumer Staples: 1.3%
- Futures: 2.2%
- Cash: 1.2%

Numbers may not sum due to rounding.

## Key Facts

Lead Portfolio Manager	Roy Maslen
Inception Date	27 June 2017
Fund Size	A\$560,841,937
APIR	ACM0005AU
Minimum Investment	A\$25,000
Entry/Exit Fee	None
Buy/Sell Spread	0.25%/0.25%
Management Fee	0.40% p.a.
ICR*	0.40% p.a.
Distribution Frequency	Quarterly

\*Indirect cost ratio (ICR). Financial year to date, annualised.

## Fund Performance

	Gross Fund Returns	Total Returns	Growth Returns	Distribution Returns	Benchmark Returns <sup>†</sup>	Relative Returns
One Month	2.93%	2.89%	2.28%	0.62%	3.26%	-0.37%
Three Months	4.01%	3.90%	3.28%	0.62%	5.43%	-1.52%
FYTD	8.69%	8.36%	6.27%	2.09%	13.28%	-4.92%
One Year	9.96%	9.52%	5.09%	4.43%	14.40%	-4.88%
Three Years	10.91%	10.42%	6.90%	3.51%	9.43%	0.98%
Five Years	8.92%	8.41%	5.52%	2.89%	9.15%	-0.74%
Since Inception*	9.44%	8.91%	6.01%	2.90%	9.22%	-0.30%

See Performance Figures disclosures.

\* Fund inception: 27 June 2017

† Benchmark: S&P/ASX 300 Accumulation Index

## Top 10 Holdings (% Total Net Assets)

Stock Name	Portfolio	Index
Westpac Banking	9.2	3.8
Rio Tinto	8.7	1.9
Transurban	8.7	1.7
Telstra	7.0	1.8
CSL	6.1	5.8
Woodside Energy	6.0	2.4
Stockland	4.9	0.5
South32	4.8	0.6
ResMed	4.6	0.7
Medibank	4.5	0.4
<b>Total Number of Stocks</b>	<b>21</b>	<b>296</b>

## Monthly Fact Sheet

## Fund Review

- During the March quarter, the Fund underperformed the benchmark, the S&P/ASX 300, which was up 5.43% in Australian-dollar terms.

## Detractors

- The communication-services and real estate sectors detracted the most from relative performance, while healthcare and materials contributed.
- Mining company South32 underperformed, driven initially by softer commodity markets, particularly aluminum. The company then disappointed the market by approving a new mine with softer-than-hoped investment metrics and cancelling a share buyback.
- Toll road company Transurban underperformed as it lagged a rising market. We see the share price to be largely driven by the 10-year bond price and rate expectations in the short term, and via traffic volume in the long term.
- A position in Rio Tinto detracted from relative results, while a lack of exposure to BHP contributed. The mining companies underperformed due to weak commodity prices, particularly iron ore, which declined on increasing concerns of softer demand.

## Contributors

- Westpac Banking outperformed following a strong quarterly result, where it showed better margin outcomes than peers and stable pre-bad debt earnings.
- Integrated services company Downer EDI contributed as its recent result showed strong and stable cash flows.

## Fund Change Highlights

- During the quarter, we added to our position in CSL following a period of underperformance triggered by the realisation of negative catalysts that kept us more materially underweight. As the leading player in plasma-derived therapeutics, CSL is a key beneficiary of positive industry trends, including strong growth in plasma collection volumes and donor fee cost deflation. While competitive threats are starting to emerge in its core immunoglobulin franchise, increasing penetration in existing indications and growth in new indications should more than offset any near-term headwinds.
- We added shares of Stockland to the Portfolio. The REIT company/residential developer has a strong balance sheet relative to peers, which is allowing it to buy assets at attractive prices from weaker players.
- We added shares of Australian media company Nine Entertainment after a period of underperformance provided an attractive opportunity to increase our position in the stock. Underperformance in Nine was triggered by its half-year result, as management's outlook for advertising markets for the remainder of the financial year came in below market estimates. While there is some uncertainty around when advertising markets will bottom and return to growth, we believe that the market's expectations have been appropriately reset and that the risk of further downside from here is low. We believe that the quality of Nine's assets should see them take share in a weaker market, ultimately setting it up to emerge in a stronger position when the advertising cycle turns.
- We sold our position in casino slot machines and online game company Aristocrat Leisure, taking profits as it outperformed the index on a strong start to the year.
- We trimmed Westpac Banking after a strong run of performance.
- We trimmed our position in Downer EDI after a run of outperformance.

## Performance Figures

In Australian dollars. Numbers may not sum due to rounding. The total, growth and distribution returns of the Fund are net of fees and costs and do not allow for tax or inflation. Performance is calculated in accordance with the Financial Services Council Standard No. 6, using the relevant end-of-month exit prices, and assumes that income is reinvested and that the investment is held for the full period. The performance figures are historical and past performance is not necessarily an indication of future performance. The information above may change.

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A Target Market Determination ("TMD") for the Concentrated Australian Equities Fund is available free of charge from our website [www.alliancebernstein.com.au](http://www.alliancebernstein.com.au). The TMD sets out the class of persons who comprise the target market for the AB Concentrated Australian Equities Fund and the distribution conditions that are applicable, together with a number of other matters which should be considered by retail investors and their advisers.

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