

ALDERSLEY CAPITAL

AC Managed Equity Portfolio June 2015 Quarterly Review

Portfolio Performance

The AC Managed Equity Portfolio returned -2.89% compared to the benchmark (S&P/ASX 200 (TR)) return of -6.55% giving a relative performance of 3.66% for the period.

Performance to 30 June 2015

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	-3.67	-2.89	7.93	14.20	N/A	5.96
Benchmark	-5.30	-6.55	3.10	5.68	15.06	4.71
Relative Performance	1.63	3.66	4.83	8.52	N/A	1.25

The table above sets out the investment performance returns (AFTER investment management fees, but BEFORE administration fees, performance based fees and taxes) for the Portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs, and are accumulated for the period shown. Returns are shown as annualised if the period is over 1 year, or as total returns otherwise.

Quarterly Review

In the circumstances not a bad performance. The June quarter was always going to be difficult. Greek problems, a slide in the Chinese equity market and weakening economy there, collapsing commodity prices; not a lot to get excited about. If in doubt, sit it out. The portfolio had double digit cash percentage for most of the quarter following a general sell-down early in April. The banks were poor performers, down about 9% over the quarter, mainly in June.

Despite correctly predicting a short-term rally in iron ore above \$60 this did not translate into a positive trade in either RIO or FMG, so these temporary positions carried over into July.

Additions to the portfolio in the quarter were Harvey Norman (+2%), Alexium (+0.3%) and St Barbara Mines (+29%). Sirtex (+17%) was sold late in the quarter as was Credit Corp.

Best contributors were Macquarie Group (thanks to trading the trading ranges), Gold Resources (+16%), St Barbara Mines (+29%). Amongst the worst detractors were Resmed (-21%), Lend Lease (-7.3%) and Ozforex (-5%).

Top 5 stocks by weight as at 30 June 2015

Company Name	Sector
HUNTER HALL GLOBAL ORDINARY	Financials
HARVEY NORMAN ORDINARY	Consumer Discretionary
LEND LEASE GROUP UNIT/ORD STAPLED	Financials
MACQUARIE GROUP LTD ORDINARY	Financials
COMMONWEALTH BANK. ORDINARY	Financials

Market Outlook

July and August are normally periods of positive seasonal activity, so some rebound in the banks is likely and perhaps even a relief rally in the base metal miners.

It's looking as if Iran and the USA will agree to end sanctions against Iran. This will add another keen swing crude supplier to the oversupplied equation, and they have been preparing to ship it, suggesting oil prices will stay lower for longer. The portfolio has no energy stocks at all.

The Australian gold miners have not really done much considering the economic benefits that are flowing from a falling Australian dollar, falling oil prices and falling labour costs. While the outlook for the US dollar gold price is somewhat speculative, we know China has not bought as much gold in recent years as was thought, but it seems logical they are adding. Now that all the pressure from iron ore and LNG and coal is gone, gold miners are making good margins at present. In addition, its been a long time since gold stocks were on the radar of professional investors. There is hardly a gold analyst left working in broking. It just seems a good time to be accumulating gold producers and the best of the near producers.

Alexium is a tiny stock that seems to be on the verge on becoming internationally known for its flame retardant technology. It has no earnings at present, and thus is one of the more speculative stocks to enter the portfolio. It is due to dual list on Nasdaq in September, so one would expect some positive announcements in the lead up to this. If it performs as hoped, it could become a top five holding this quarter.

IMPORTANT INFORMATION

Prepared by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFS licence No. 239 122) ("the Operator "). The information contained in this document is not intended to be a definitive statement on the subject matter nor an endorsement that this Portfolio is appropriate for you and should not be relied upon in making a decision to invest in this Service.

Financial commentary contained within this report is provided by Aldersley Capital Pty Ltd (ABN 14 002 972 901) a corporate authorised representative (No. 420193) of Andika Pty Ltd (ABN 41 117 403 326 and AFSL 297069), who is the Portfolio Manager of this Portfolio.

The information in this report is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. No representations or warranties express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this report. In preparing this report, the Operator has relied upon and assumed, without independent verification, the accuracy and completeness of all information available to us. To the maximum extent permitted by law, neither the Operator nor its directors, employees or agents accept any liability for any loss arising in relation to this report.

The suitability of the Service to your needs and the

suitability of a particular Investment Choice within that Service depends on your individual circumstances and objectives and should be discussed with your Adviser. Potential investors must read the FSG and IDPS Guide and/or Super PDS along with any accompanying materials.

Investment in securities and other financial products involves risk. An investment in a financial product may have the potential for capital growth and income, but may also carry the risk that the total return on the investment may be less than the amount contributed directly by the investor.

Past performance of financial products is not a reliable indicator of future performance. The Operator does not assure nor guarantee the performance of any financial products offered. Information, opinions, historical performance, calculations or assessments of performance of financial products or markets rely on assumptions about tax, reinvestment, market performance, liquidity and other factors that will be important and may fluctuate over time.

The Operator, its associates and their respective directors and other staff each declare that they may, from time to time, hold interests in Securities that are contained in this Service.