

ALDERSLEY CAPITAL

AC Managed Equity Portfolio

September 2017 Quarterly Review

Portfolio Performance

The AC Managed Equity Portfolio returned -2.16% compared to the benchmark S&P/ASX 200 (TR) return of 0.68% giving a relative performance of -2.84% for the period.

Performance to 30 September 2017

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	0.14	-2.16	-3.60	-7.54	12.16	7.94
Benchmark	-0.02	0.68	-0.91	9.25	7.09	5.80
Relative Performance	0.16	-2.84	-2.69	-16.79	5.07	2.14

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

Despite two big performers during the quarter in Hub24 and NRW Holdings, the portfolio had a disappointing calendar quarter finishing below benchmark (although two days later it was ahead, indicating the sensitivity of performance dates). A number of the bigger holdings like Bluescope and Challenger underperformed during this time, and while NST gained, both EVN and SBM, our other gold stocks failed, just demonstrating how anticipating troubles over North Korea and holding gold exposure was at nest too early. The portfolio made good gains from a trade in GXY, a lithium play, and from a purchase last quarter of Costa Group, but a few of the small “disruptive “ holdings gave up ground, which cumulatively hurt performance.

Top 5 stocks by weight as at 30 September 2017

Company Name	Sector
HUB24 LTD ORDINARY	Financials
CHALLENGER LIMITED ORDINARY	Financials
BLUESCOPE STEEL LTD ORDINARY	Materials
NORTHERN STAR ORDINARY	Materials
MACQUARIE GROUP LTD ORDINARY	Financials

Market Outlook

The US is continuing to lead world markets upwards. It's a highly mature bull market, but still not at the sort of valuation levels that can justify holding a large cash position in anticipation of a bear market in equities.

There are signs of technological change everywhere causing all sorts of disruptions to conventional large dominant players, allowing small players to gain traction in markets and consumer acceptance in the way that was not possible before the internet. Trying to pick the winners from the losers in some of these changes is difficult. Ultimately it's a numbers game. Some will simply fade into the sunset. Others will emerge and go on to become large companies. In mining exploration, the interpretation of geologic anomalies has undergone a sea change in recent years, and Northern Star has set a precedent for successfully acquiring discarded mines of global majors, re-evaluating them and mining again successfully. This is happening elsewhere and in the coming quarter we should see a little explorer called Draig Resources hit headlines as it re-evaluates the closed Bellevue mine.

At the time of writing the portfolio has bounced nicely, and seasonally this should turn out to be a strong quarter of performance.

IMPORTANT INFORMATION

Prepared by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFS licence No. 239 122) ("the Operator" of HUB24 Invest (the Service)) and ("the Promoter" of HUB24 Super (the Fund)). 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 or Fund.

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, HUB24 has relied upon and assumed, without independent verification, the accuracy and completeness of all information available to HUB24. To the maximum extent permitted by law, neither HUB24 or its directors, employees or agents accept any liability for any loss arising in relation to this report.

The suitability of the Service or Fund to your needs and the suitability of a particular Investment Choice 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. HUB24 and the Trustee do not assure or 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.

HUB24, 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 or Fund.