

# ALDERSLEY CAPITAL

## AC Managed Equity Portfolio June 2018 Quarterly Review

### Portfolio Performance

The AC Managed Equity Portfolio returned 2.96% compared to the benchmark S&P/ASX 200 (TR) return of 8.47% giving a relative performance of -5.51% for the period.

### Performance to 30 June 2018

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	1.46	2.96	-2.18	14.34	12.70	10.24
Benchmark	3.27	8.47	4.29	13.01	9.04	7.47
<b>Relative Performance</b>	<b>-1.81</b>	<b>-5.51</b>	<b>-6.47</b>	<b>1.33</b>	<b>3.66</b>	<b>2.77</b>

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

A disappointing quarter overall, with a number of our formerly big performers like Kogan suddenly going into correction mode. As a result what was promising to be another very good year has turned out to be little more than around benchmark with just 14.34% for the financial year, compares with 13% just by staying with the index.

### Top 5 stocks by weight as at 30 June 2018

Company Name	Sector
MACQUARIE GROUP LTD ORDINARY	Financials
AFTERPAY TOUCH ORDINARY	Information Technology
THE A2 MILK COMPANY ORDINARY	Consumer Staples

BLUESCOPE STEEL LTD ORDINARY	Materials
CHALLENGER LIMITED ORDINARY	Financials

## Market Outlook

The market is beginning to approach some form of “top” with a number of indicators started to sound warning bells to me. The cyclical position of interest rates still at their lows but heading up, the inflamed property markets just coming off, the share of corporate profits in GDP reaching record levels, and many tech stocks that seem to know no P/E limit. In addition the US market has shrugged off concerns about Trump since his election, and despite some of his efforts to promote a trade war with China, ferment Arab unrest etc. As you know, I did predict that markets would focus more on his policies to bring back corporate profits to America, develop more infrastructure and the like, and until now I’ve been content to let markets run. However, the world economy is starting to slow, another common indicator of an imminent correction.

We are in the seasonally weak time of the year, and as we approach September I generally tend to hold more cash anyway. Its been a long time since markets had a serious correction, let alone a full blown bear market. Many of todays young fund managers have never actually experienced a bear market. I was around for the 1973-4 bear market and those that followed – they often start when all the experts least expect them, because things are still growing nicely and everything seems fine. In the end, hindsight can explain why they occur, but many fund managers say they are impossible to predict and stay fully invested. I’ve never agreed with this approach. So I’m looking for some improvements in July and August, generally ok to good months, and then make a tactical withdrawal to cash over the September/October period until things become clearer.

# 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.