

# ALDERSLEY CAPITAL

## AC Managed Equity Portfolio

### December 2018 Quarterly Review

#### Portfolio Performance

The AC Managed Equity Portfolio returned -8.63% compared to the benchmark S&P/ASX 200 (TR) return of -8.24% giving a relative performance of -0.39% for the period.

#### Performance to 31 December 2018

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	-5.25	-8.63	-1.79	-3.93	5.84	8.82
Benchmark	-0.12	-8.24	-6.83	-2.84	6.68	5.27
<b>Relative Performance</b>	<b>-5.13</b>	<b>-0.39</b>	<b>5.04</b>	<b>-1.09</b>	<b>-0.84</b>	<b>3.55</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 correctional quarter, and given the generally high “beta” of the portfolio over time we managed to limit the losses to about the same as the market as a whole, despite some very large falls in some of the stocks we have made good gains in previously. The decision was made in late September to move to about 40% in cash, and this held the portfolio in good stead, but in the end we re-entered some of the se positions, such as Kogan, too early, and saw about a further 20% decline in the last part of the quarter. Had we not moved to a high cash weighting, the falls would have been nearer 25% than the 8% actually experienced, as there were some savage pullbacks.

#### Top 5 stocks by weight as at 31 December 2018

Company Name

Sector

MANAGED ACCOUNTS ORDINARY	Financials
BELLEVUE GOLD LTD ORDINARY	Materials
HUB24 LTD ORDINARY	Financials
NRW HOLDINGS LIMITED ORDINARY	Industrials
THE A2 MILK COMPANY ORDINARY	Consumer Staples

## Market Outlook

We are expecting the recent rally in December to have legs and extend into the March quarter. The current concerns over things like a world trade war are unlikely to materialise, so several bursts of “relief” rallies are likely in coming months. While recognising that we are in the last phase of this long bull market, the pullback has created some great opportunities to re-enter some of the stocks we had sold, such as APT (down from over \$20 to \$11.50).

We particularly like some of the fund managers, whose shares were heavily hit last quarter with the market downturn, and expect they will rebound this quarter. NRW is likewise given a top 5 weighting ahead of what should be a better quarter for iron ore stocks (and thus their business environment will improve).

# 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.