ALDERSLEY
CAPITAL

AC Managed Equity Portfolio

March 2019 Quarterly Review

Portfolio Performance

The AC Managed Equity Portfolio returned 13.38% compared to the benchmark S&P/ASX 200 (TR) return of 10.89% giving a relative performance of 2.49% for the period.

Performance to 31 March 2019

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	1.59	13.38	3.59	14.64	12.73	10.94
Benchmark	0.73	10.89	1.75	12.06	11.48	7.05
Relative Performance	**0.86**	**2.49**	**1.84**	**2.58**	**1.25**	**3.89**

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

It was a strong quarter, in fact some moves were quite breathtaking and probably vulnerable to a profit-taking period. Our biggest contributors were AfterPay (APT) (having sold 120% of the Q1 opening value we still have over half left by value); A2M was up 31.9%, NRW up 44%, last quarter's purchase Magellan (MFG) up 57% and Hub24 up 14%. On the downside, there were a few well known names, but Costa Group (CGC) -25% hurt the most, and CGF fell 10%. We continued to add on weakness to Managed Accounts (MFG but now XPL) ahead of its name change to Xplore Group. It fell another 6% over the quarter after allowing for value averaging. Something has to give there. It's simply too low a market capitalisation for a company with such potential. Unfortunately these micro stocks can stay off the radar for a long time. But there is a precedent with HUB24. Back in 2013, it had a similar market cap, and a lot less FUA, and hung around for a quite a while before finally becoming a market darling (and into the ASX200). As you can see from the top 5 listing, it is no longer there, because the purchases of XPL have largely been made as a straight switch from HUB24 which is on a "no room for error" rating as it delivers on fantastic growth. It remains in the portfolio but at a more core weight level. The balance went into MFG which has recovered as expected with the turnaround in markets.

Top 5 stocks by weight as at 31 March 2019

Company Name	Sector
MANAGED ACCOUNTS ORDINARY	Financials
THE A2 MILK COMPANY ORDINARY	Consumer Staples
TREASURY WINE ESTATE ORDINARY	Consumer Staples
BELLEVUE GOLD LTD ORDINARY	Materials
MACQUARIE GROUP LTD ORDINARY	Financials

Market Outlook

It's rare to have a very bad investing year in any year which has a strong January effect and first quarter. A lot of this was a simple recovery from the sudden fear that gripped markets in previous months. However nothing rises in a straight line, so it's quite likely we will see another correction begin late in the second quarter, a typical seasonal effect from may to October. As I have mentioned in previous reviews, we are in the late cycle period of this bull market, which in itself has been an extended one by historical standards. Some very good gains to be had by hanging in while the market climbs "a wall of worry" but the risks of reversals are rising. We are seeing this quarter in Australia an election that just might set an ominous tone for the future. We have had a long period where corporate profitability in the economy has been given precedence over wages growth. That's always good for markets and I think, for the living standards of most wage earners. Should a Labor government be elected, that emphasis here will almost certainly change. A peak in corporate profitability as a share of GDP has been a reliable indicator of equity market peaks in the past. If it can happen in Australia, it can happen again in much bigger economies.

That said, for now, opportunities in the form of new growth from emerging disruptive technologies continue to arise at a surprisingly frequent rate, tempting one to remain invested in some of these stocks that promise so much.

So in summary, will be increasing liquidity over the quarter in anticipation of a seasonal pullback, and gradually also switching into some more defensive positions too.

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.