

ALDERSLEY CAPITAL

AC Managed Equity Portfolio

December 2019 Quarterly Review

Portfolio Performance

The AC Managed Equity Portfolio returned -1.36% compared to the benchmark S&P/ASX 200 (TR) return of 0.68% giving a relative performance of -2.04% for the period.

Performance to 31 December 2019

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	-1.90	-1.36	-4.65	12.43	6.45	9.39
Benchmark	-2.17	0.68	3.06	23.40	10.26	8.01
Relative Performance	0.27	-2.04	-7.71	-10.97	-3.81	1.38

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

The portfolio slightly underperformed over the quarter, as some steep declines in stocks like Treasury Estates and Coast a Group, as well as falls in Xplore Group and Bellevue Gold weighed on the portfolio.

Top 5 stocks by weight as at 31 December 2019

Company Name	Sector
XPLOREWLTH LIMITED ORDINARY	Financials
CHALLENGER LIMITED ORDINARY	Financials
RURAL FUNDS GROUP STAPLED	Real Estate

BELLEVUE GOLD LTD ORDINARY	Materials
TRANSURBAN GROUP TRIPLE STAPLED SEC.	Industrials

Market Outlook

The market goes into 2020 close to an all-time high, and there is definitely potential for a correction at any time now. The indications are that we will see an end to drought in the coming quarter in Australia, with the Indian Dipole effect reversing in December. With many of the agricultural stocks underperforming during the drought, we have positioned the portfolio towards beneficiaries of more normal rainfall, such as Elders, Costa and Rural Funds Group. With Coronavirus set to geometrically expand its footprint, we have reduced exposures generally to the market and also switched further away from those sectors that are likely to witness supply or demand disruptions. Its likely that cash holdings will significantly increase this quarter.

IMPORTANT INFORMATION

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