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**AC Managed Equity Portfolio**

**September 2020 Quarterly Review**

## Portfolio Performance

The AC Managed Equity Portfolio returned 1.22% compared to the benchmark S&P/ASX 200 (TR) return of -0.44% giving a relative performance of 1.66% for the period.

## Performance to 30 September 2020

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Return % | One Month | Three Month | Six Month | One Year | Three Year | Since Inception (29/10/2013) |
| Portfolio | -5.30 | 1.22 | 30.27 | 21.88 | 16.83 | 11.70 |
| Benchmark | -3.66 | -0.44 | 15.97 | -10.18 | 4.79 | 5.36 |
| **Relative Performance** | **-1.64** | **1.66** | **14.30** | **32.06** | **12.04** | **6.34** |

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 has been managed defensively over the quarter, reflecting in a slight rise over the quarter whilst the index has had a minimal decline. There is a lot of uncertainty at present. Covid 19 is threatening to explode in Europe and the USA as citizens tire of restrictions and let down their guard. A bleak winter is in prospect. This is US election year and next quarter may see some nervousness which is common in election years. The portfolio has reduced many growth positions, and swiched into a gold position in an ETF, retained and increased gold weightings in gold miners and a near producer, increased the Xplore position because it is a likely target for rationalisation in the industry and oversold, kept Kogan and Harvey Norman because they are huge beneficiaries of the changing pattern of consumer spending in a way that Myer is not!

## Top 5 stocks by weight as at 30 September 2020

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| ETFS METALS. ETFS GOLD | Financials |
| XPLOREWLTH LIMITED ORDINARY | Financials |
| KOGAN.COM LTD ORDINARY | Consumer Discretionary |
| NORTHERN STAR ORDINARY | Materials |
| BELLEVUE GOLD LTD ORDINARY | Materials |

## Market Outlook

With the USA market running into bubble territory in terms of its valuation relative to the actual GDP (the Warren Buffet indicator), its just a matter of time before we get a correction in markets. However the time scale for this pullback is very hard to pick.

Governments around the world are determined to expand their budget deficits, debt and generally stimulate asset price growth to try and stimulate their economies. This has been going on since 2009 but has accelerated in earnest since covid 19 in 2020 disrupted the previous way of running an economy.

A surprising number of companies have actually done quite well out of all the government subsidies.

Technological and social changes continue at a rapid pace, and this continues to throw up new opportunities for investment. Many of these disruptive industries are both looking to replace existing businesses, but in addition will create whole new markets for consumers or business. Its been a consistent theme for 7 years.

## IMPORTANT INFORMATION

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