****

**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 | SinceInception (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

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.