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**AC Managed Equity Portfolio**

**December 2020 Quarterly Review**

## Portfolio Performance

The AC Managed Equity Portfolio returned 28.85% compared to the benchmark S&P/ASX 200 (TR) return of 13.70% giving a relative performance of 15.15% for the period.

## Performance to 31 December 2020

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Return % | One Month | Three Month | Six Month | One Year | Three Year | Since Inception (29/10/2013) |
| Portfolio | 3.01 | 28.85 | 30.43 | 59.09 | 19.81 | 15.27 |
| Benchmark | 1.21 | 13.70 | 13.20 | 1.40 | 6.72 | 7.06 |
| **Relative Performance** | **1.80** | **15.15** | **17.23** | **57.69** | **13.09** | **8.21** |

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 benefit of the takeover of Xplore Group came through this quarter, but other holdings also contributed. However it was another satisfying quarter. At quarter close we switched some money into Westpac for the dividend, and into Treasury Estates, that was hit by China imposes tariffs on Australian wines, providing an attractive long term entry price.

## Top 5 stocks by weight as at 31 December 2020

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| WESTPAC BANKING CORP ORDINARY | Financials |
| KOGAN.COM LTD ORDINARY | Consumer Discretionary |
| LINK ADMIN HLDG ORDINARY | Information Technology |
| CHALLENGER LIMITED ORDINARY | Financials |
| TREASURY WINE ESTATE ORDINARY | Consumer Staples |

## Market Outlook

The market is continuing to ignore the likelihood of rising interest rates (at the long end) during 2021-2 as the stimulation provided by governments around the world to their economies feeds through. Underlying inflation is thought to be under control, but try telling that to first time home-buyers. Governments continue to feed the asset price frenzy, and short term interest rates are sufficiently low that it still looks cheaper to buy than rent in many Australian capital cities despite the rises. The stockmarket is seeing this too, with retail investors back in force, especially Millennials. Old timers realise we are close to some sort of blow off, but the exact timing is hard to call.

On the other hand, new opportunities are arising from the rapid pace of new technologies. Even the covid19 vaccine research has triggered some advances in other areas. The stockmarket is not a zero sum game, there is generally economic growth and progress providing gaions. So for the moment, we are running with the momentum.

Covid-19 vaccines are now available, so there is an end in sight for covid lockdowns. Whether that will be a catalyst for the market to wake up to the indebtedness of governments and pullback, is yet to be seen. Often its “better to travel than to arrive”. The coming year is shaping up as seeing the beginning of the next bear market.

## IMPORTANT INFORMATION

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