****

**AC Managed Equity Portfolio**

**December 2021 Quarterly Review**

## Portfolio Performance

The AC Managed Equity Portfolio returned 1.09% compared to the benchmark S&P/ASX 200 (TR) return of 2.09% giving a relative performance of -1.00% for the period.

## Performance to 31 December 2021

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Return % | One Month | Three Month | Six Month | One Year | Three Year | SinceInception (29/10/2013) |
| Portfolio | 0.61 | 1.09 | -1.63 | -6.78 | 18.61 | 12.32 |
| Benchmark | 2.75 | 2.09 | 3.84 | 17.23 | 13.61 | 8.26 |
| **Relative Performance** | **-2.14** | **-1.00** | **-5.47** | **-24.01** | **5.00** | **4.06** |

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 defensively positioned for 2021 but our expectation of a significant correction did not occur. Some of our biggest stocks like FMG and BGL had disappointing quarters, enough to tip the portfolio into negative territory for the quarter. MFG has also been weak. We’ve taken the longer term view that their clients are likely to be “sticky” and the $20 mark is a good entry-point at under 4% of mkt cap to FUM for a portfolio manager that has a very good track record (except for 2021! ). So its been added to late in the quarter.

## Top 5 stocks by weight as at 31 December 2021

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| BELLEVUE GOLD LTD ORDINARY | Materials |
| MAGELLAN FIN GRP LTD ORDINARY | Financials |
| FORTESCUE METALS GRP ORDINARY | Materials |
| LYNAS RARE EARTHS ORDINARY | Materials |
| TELSTRA CORPORATION. ORDINARY | Communication Services |

## Market Outlook

The market is close to some form of peak. We have geo-political concerns emerging with China threatening Taiwan, and Russia threatening to invade Ukraine. We have supply constraints pushing up up materials prices and the disruptions of covid have also created a problem in meeting demand for even basic containers.

As a consequence measured inflation is at 40 year highs, and its very hard to continue arguing that this is transitory.

At some point rising interest rate yields will create a wake up call for equity values, particularly for the premium priced high technology area.

That said, world demand growth is likely to be buoyant once the constraints of covid ease, as they will this coming quarter.

It makes for a very difficult market environment to judge. We expect value stocks, gold, gold producers, basic commodity stocks and banks to fare relatively well in what could be a difficult quarter.

## 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.