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**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 | Since Inception (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

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