**AC Managed Equity Portfolio**

**June 2022 Quarterly Review**

**Portfolio Performance**

The AC Managed Equity Portfolio returned -9.10% compared to the benchmark S&P/ASX 200 (TR) return of -11.90% giving a relative performance of 2.80% for the period.

**Performance to 30 June 2022**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Return % | One Month | Three Month | Six Month | One Year | Three Year | SinceInception (29/10/2013) |
| Portfolio | -6.87 | -9.10 | -9.20 | -10.68 | 8.73 | 10.34 |
| Benchmark | -8.77 | -11.90 | -9.93 | -6.47 | 3.33 | 6.48 |
| **Relative Performance** | **1.90** | **2.80** | **0.73** | **-4.21** | **5.40** | **3.86** |

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**

As I predicted last quarter we saw the beginning of what may turn out to be a sustained bear market in equities over coming months as global interest rates rise, probably by more and faster than current consensus. The portfolio went into the quarter with a fair percentage in cash and supposedly defensive securities, so it was personally disappointing that it only outperformed the market by about 2%, falling by 9% rather than close to 12%. A couple of the bigger holdings contributed to this including Bellevue Gold, despite positive news. I put it down to end of financial year portfolio transitioning, so went "all in" at the end of the month, taking the weighting above 10% with the shares at 67c. I'd be surprised if it didn't recover towards 90c in the September quarter, with or without a better gold price.

Hub24 got down to below $18 a share late in the quarter. The portfolio sold out above $32, and this provided a chance to restore a 5% weight. Also topped up was Elders which had underperformed over the quarter. The portfolio went fully invested on July 3rd with the repurchase of a position in A2m,

**Top 5 stocks by weight as at 30 June 2022**

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| BELLEVUE GOLD LTD ORDINARY | Materials |
| ELDERS LIMITED ORDINARY | Consumer Staples |
| HUB24 LTD ORDINARY | Financials |
| WOODSIDE ENERGY ORDINARY | Energy |
| COMMONWEALTH BANK. ORDINARY | Financials |

**Market Outlook**

While we may well be in a bear market, as I wrote in a newsletter to clients its quite common to have significant bounces during bear markets. The correction in growth stocks in particular tempted me back into a fully weighted position by the end of June, anticipating a July/August rally. However, as supply chain disruptions, endemic inflation, labour unrest and probably difficult political financial decisions need to be taken, this will probably fade as we move into September. Fortunately, as the total portfolio is relatively small, exposures can be adjusted very quickly, usually same day.

**IMPORTANT INFORMATION**

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