****

**AC Managed Equity Portfolio**

**December 2022 Quarterly Review**

PORTFOLIO PERFORMANCE

The AC Managed Equity Portfolio returned 14.81% compared to the benchmark S&P/ASX 200 (TR) return of 9.40% giving a relative performance of 5.41% for the period.

## PERFORMANCE TO 31 DECEMBER 2022

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Return %** | **1Mth** | **3Mths** | **6Mths** | **1Yr** | **3Yrs** | **5Yrs** | **SinceInception (29/10/2013)** |
| Portfolio | -0.87 | 14.81 | 16.09 | 5.41 | 16.09 | 11.07 | 11.54 |
| Benchmark | -3.21 | 9.40 | 9.82 | -1.08 | 5.55 | 7.11 | 7.20 |
| **Relative Performance** | **2.34** | **5.41** | **6.27** | **6.49** | **10.54** | **3.96** | **4.34** |

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

It was a satisfying quarter, as the heavy weighting to gold stocks bore fruit over the quarter and despite a late relapse at year end, which affected the December performance, the portfolio gained good ground to finish the year with modest gains.

## TOP 5 STOCKS BY WEIGHT AS AT 31 DECEMBER 2022

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| NORTHERN STAR ORDINARY | Materials |
| BELLEVUE GOLD LTD ORDINARY | Materials |
| BETA GLOBAL GOLD ETF UNITS | Unidentified |
| RELIANCE WORLDWIDE ORDINARY | Industrials |
| FORTESCUE METALS GRP ORDINARY | Materials |

## MARKET OUTLOOK

Those gains continued into the new year. January turned out to be surprisingly strong globally, with tech stocks rebounding in the USA, of which the problematic Tesla was in the vanguard. There seems to be a consensus amongst both expert commentators and the retail public alike that inflation is coming under control, recession can be avoided now China is back out of its no covid lockdown, the Ukraine war is contained, and interest rates have just about peaked.

Sadly history doesn’t support such a rosy scenario. In reality, inflation will not be contained despite the mild northern winter preventing an energy crisis in Europe over the winter. There is too much latent demand for goods and services at these low levels of interest rates. I predict the Fed and other governments will eventually have to revert to more interest rate rises than is expected, and demand from consumers will ease.

This assumes governments continue to rack up ever more debt, but one day governments will have to start clawing back revenue from consumers in the traditional way, via taxes and cutting subsiding the consumer.

The doomsday clock was recently set to its highest level ever, reflecting the enormous geopolitical risks of a catastrophic nuclear exchange occurring during 2023. Feb will probably witness a last ditch conventional warfare attempt by Russia to invade Ukraine. If they succeed, it will be a disaster for the world. Russia will control critical supplies of oil and gas, grain and other agricultural products. If they fail, it could prompt a regime change (probably not for the better) or escalate into nuclear conflict. So neither outcome is favourable.

With many indicators such the Greed/Fear index, Vix (Volatility), the share of Corporate Income in GDP, P/E multiples, the interest rate cycle all pointing to a highly vulnerable share market, I have let my customary optimism give way to a conviction that the next major move is probably down rather than up.

The portfolio was sitting at 20% liquidity at the end of January and poised to move up during February. The risk to the upside is not very high. Its unlikely markets will rally more than 10% this year in the face of rising interest rates. On the other hand, I would not dismiss the possibility of a 20-40% decline even without some of the worst existential risks becoming true. I may be wrong, I hope I’m wrong on this occasion.

John Aldersley Feb 8th 2023

IMPORTANT INFORMATION

The financial commentary contained within this quarterly report has been prepared and 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 the managed portfolio options available through the HUB24 Managed Portfolio Service.

The information in this report is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. The information is not intended to be financial product advice or legal advice. The suitability of the HUB24 Managed Portfolio Service to your needs and the suitability of a particular Managed Portfolio option depends on your individual circumstances and objectives and should be discussed with your adviser. Potential investors must read the Financial Services Guide (‘FSG’), target market determination (‘TMD’) and HUB24 Managed Portfolio Service Product Disclosure Statement (‘PDS’), along with any accompanying materials.

Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 (‘Ironbark’, ‘Responsible Entity’, ‘we’, ‘us’, or ‘our’) is the issuer of the PDS and TMD and is the responsible entity of the HUB24 Managed Portfolio Service ARSN 645 033 941 ('HUB24 Managed Portfolio Service', 'Scheme'). The HUB24 Managed Portfolio Service is a non-unitised registered managed investment scheme. 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.

Aldersley Capital Pty Ltd has designed the Managed Portfolio options in Part 2 of the PDS offered through the HUB24 Managed Portfolio Service. 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. Ironbark have relied upon and assumed, without independent verification, the accuracy and completeness of all information available and provided to Ironbark.

To the extent permitted by law, Ironbark, its employees, consultants, advisers, officers, and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material.

No guarantee is made as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ironbark. Past performance is not a reliable indicator of future performance. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This report may contain information (the “Information”) sourced from MSCI Inc., its affiliates or information providers (the “MSCI Parties”) and may have been used to calculate scores, ratings or other indicators. The Information is for internal use only, and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy and/or completeness of any data or Information herein and expressly disclaim all express or implied warranties, including of merchantability and fitness for a particular purpose. The Information is not intended to constitute investment advice or a recommendation to make (or refrain from making) any investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Aldersley Capital Pty Ltd, Ironbark and their associates and respective directors and other staff each declare that they may, from time to time, hold interests in securities that are contained in the HUB24 Managed Portfolio Service.

© 2023 Ironbark. All rights reserved.