****

**AC Managed Equity Portfolio**

**June 2023 Quarterly Review**

PORTFOLIO PERFORMANCE

The AC Managed Equity Portfolio returned -2.76% compared to the benchmark S&P/ASX 200 (TR) return of 1.01% giving a relative performance of -3.77% for the period.

## PERFORMANCE TO 30 JUNE 2023

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Return %** | **1Mth** | **3Mths** | **6Mths** | **1Yr** | **3Yrs** | **5Yrs** | **SinceInception (29/10/2013)** |
| Portfolio | -1.81 | -2.76 | 1.87 | 18.26 | 9.30 | 11.97 | 11.13 |
| Benchmark | 1.76 | 1.01 | 4.51 | 14.78 | 11.12 | 7.15 | 7.30 |
| **Relative Performance** | **-3.57** | **-3.77** | **-2.64** | **3.48** | **-1.82** | **4.82** | **3.83** |

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 limped home in the second quarter, slightly underperforming a flat market for the quarter, although maintaining an outperformance for the twelve months, with the five year average dipping to 11.97% p.a. On closer inspection the damage was very late in June, when both our gold stocks and our latest investment, Droneshield (DRO.ASX) all dropped about 20%+ in the final week or so. DRO slipped from over 32c down to a low of 21.5c as two of the directors sold down their holdings ahead of the close of the tax year.

Normally, director selling is a negative sign, but although their reasons were unknown to me, I viewed it as an opportunity to acquire a potential multi-bagger small company again at a very attractive entry. Having already paid 30c in the recent issue, buying in bulk at around 23c average was a no brainer. As a consequence, it ended the quarter as our largest holding!

## TOP 5 STOCKS BY WEIGHT AS AT 30 JUNE 2023

|  |  |
| --- | --- |
| **Company Name** | **Sector** |
| DRONESHIELD LIMITED ORDINARY | Information Technology |
| ELDERS LIMITED ORDINARY | Consumer Staples |
| BELLEVUE GOLD LTD ORDINARY | Materials |
| HUB24 LTD ORDINARY | Financials |
| JAMES HARDIE INDUST PLC CHESS DEPOSITARY INT | Materials |

## MARKET OUTLOOK

The big topic is at what point will interest rates peak, and are we heading for a 1987 style crash as equity markets continue to defy gravity by rising as negative factors like impending recessions, stagflation and rising interest rates threaten the level of valuations?

To be honest I don’t know the answer. The RBA here is trying not to raise rates, and now lagging US interest rates which is unusual. We are seeing some great opportunities too, but I remain uncomfortable that the US markets in particular are living dangerously. As a consequence a significant portion of the portfolio is defensively positioned.

At the time of writing, DRO has bounced back from its June close of 23c and is trading at 33c. Likewise, Bellevue Gold has rebounded despite the gold price marking time below $2000. So the portfolio has had a free kick for the quarter which helps.

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.