

# ALDERSLEY CAPITAL

## AC Managed Equity Portfolio March 2015 Quarterly Review

### Portfolio Performance

The AC Managed Equity Portfolio returned 11.14% compared to the benchmark (S&P/ASX 200 (TR)) return of 10.33% giving a relative performance of 0.81% for the period.

### Performance to 31 March 2015

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	0.11	11.14	18.63	14.20	N/A	9.27
Benchmark	-0.06	10.33	13.76	14.13	15.82	10.71
<b>Relative Performance</b>	<b>0.17</b>	<b>0.81</b>	<b>4.87</b>	<b>0.07</b>	<b>N/A</b>	<b>-1.44</b>

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

Overall the quarter showed marked disparities between performances of different sectors and even stocks within sectors. The expected seasonal bounce in iron ore prices did not occur, and with the outlook deteriorating the decision to sell out of Arrium, RIO and Fortescue and continue to avoid BHP proved justified. We added Resmed (+20%), M2 Group (+12%) and Gold Road Resources (-5%). The biggest detractors were Fortescue (-15%) and Sirtex Medical (-15%), the latter would have been worse but extra stock was picked up at the lows which helped limit the damage (otherwise -30%). A couple of smaller stocks were added. With the fall in Sirtex and an issue affecting Hunter Hall Global, we were able to treble our weighting at a significant discount to the rights issue price.

### Top 5 stocks by weight as at 31 March 2015

Company Name	Sector
HUNTER HALL GLOBAL ORDINARY	Financials
HFA HOLDINGS LIMITED ORDINARY	Financials
RESMED INC CDI 10:1	Health Care
WESTPAC BANKING CORP ORDINARY	Financials
LEND LEASE GROUP UNIT/ORD STAPLED	Financials

### Market Outlook

The picture is one of slow growth, slowing China, reserve banks reaching the end of their ability to reduce interest rates. As we are entering the more seasonally unfavourable period of the year, its likely that the equity market will struggle to make gains next quarter. By most indicators the equity market as a whole is not cheap. On the other hand, there are always situational stocks. The portfolio goes into the new quarter with a high cash weighting of over 20% and more “bottom-up” stock specific holdings than normal, given the expected weakness in “top-down” market driven blue chip holdings.

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