

ALDERSLEY CAPITAL

AC Income Plus Portfolio

December 2016 Quarterly Review

Portfolio Performance

The AC Income Plus Portfolio returned 5.57% compared to the benchmark (Bloomberg Bank Bill Index (0+yr) Maturity (SBCBB)) return of 0.44% giving a relative performance of 5.13% for the period.

Performance to 31 December 2016

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	5.01	5.57	12.72	11.14	7.94	7.56
Benchmark	0.15	0.44	0.92	2.07	2.36	2.38
Relative Performance	4.86	5.13	11.80	9.07	5.58	5.18

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 the equity portfolio content of this Portfolio is primarily large mkt cap stocks paying dividends, it benefited from the surge of interest in blue chip stocks over the quarter. Stocks like RIO (+16%) and Commonwealth Bank (+13%) and Myer (+12% and sold) saw good gains. CWNHB gained +11% justifying its inclusion when Crown came under a cloud after an employee was arrested.

Top 5 stocks by weight as at 31 December 2016

Company Name	Sector
NATIONAL AUST. BANK NAT.INC.SEC.	Financials

STAPLED	
MULTIPLEX SITES	Financials
CROWN RESORTS LTD HY 04-75 3M T	Consumer Discretionary
COMMONWEALTH BANK. ORDINARY	Financials
MACQUARIE BANK LTD STAPLED PERP. FRN.	Unidentified

Market Outlook

At some point in the coming quarter we will reduce the equity content again back to more defensive posturing. The banks recovered well last quarter, so that is one obvious area to trim holdings. The portfolio has also done well in the iron ore run up with both RIO and NRW Holdings (+7%).

Our view is that the trump presidency will be good for equities has so far proved true. There will be bumps along the way, but so far 2017 is shaping up to be a reasonable year for markets.

IMPORTANT INFORMATION

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