

# ALDERSLEY CAPITAL

## AC Income Plus Portfolio December 2017 Quarterly Review

### Portfolio Performance

The AC Income Plus Portfolio returned 9.05% compared to the benchmark Bloomberg Bank Bill Index (0+yr) Maturity (SBCBB) return of 0.42% giving a relative performance of 8.63% for the period. The three year rolling annual return is 10.79% per annum.

### Performance to 31 December 2017

Return %	One Month	Three Month	Six Month	One Year	Three Year	Since Inception (29/10/2013)
Portfolio	3.43	9.05	7.87	11.16	10.79	8.41
Benchmark	0.14	0.42	0.86	1.75	2.05	2.23
<b>Relative Performance</b>	<b>3.29</b>	<b>8.63</b>	<b>7.01</b>	<b>9.41</b>	<b>8.74</b>	<b>6.18</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

It was all about the equity holdings last quarter. The replacement of all bank holdings except for Macquarie (+12%) and CGF (+12%) with more speculative stocks like Kogan (+48%), HUB (+19%) and EVN (+17%) together with a strong rebound in BSL (+39%) helped performance as all the floating interest rate holdings had a quiet quarter adding just +1% to 2% each.

### Top 5 stocks by weight as at 31 December 2017

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

MULTIPLEX SITES	Real Estate
CHALLENGER LIMITED ORDINARY	Financials
MACQUARIE BANK LTD STAPLED PERP. FRN.	Unidentified
TRANSURBAN GROUP TRIPLE STAPLED SEC.	Industrials

## Market Outlook

The coming quarter is likely to see some profit taking in the equity holdings into the customary new year strength to reduce risks ahead of the more seasonally weaker period. At this stage (mid January) we are off to another strong quarter and global outlook remains positive for equities.

The lack of appeal of many conventional blue chip holdings makes it hard to put together a combination of blue chip equities and interest bearing securities, so the formula will remain of combining low risk interest bearing securities with a smattering of emerging companies, many of which are in disruptive industries.

# IMPORTANT INFORMATION

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