

Portfolio Overview

April Highlights

HUB +20.84%

PME +12.00%

CAR +11.30%

April Lowlights

IEL -4.78%

WOW -3.72%

AMC -2.01%

April Update

By Rudi Filapek-Vandyck and the Vested Team,

All-Weather Portfolio Performance

The global debate about interest rates, inflation, central bank policies and how strong exactly is this year's economic recovery has only further intensified in recent weeks.

We don't anticipate this debate will soon be settled.

Hence why volatility is likely to stay with us in 2021 through market swings in and out of banks and cyclicals and in and out of healthcare, technology and the vanguards for tomorrow's megatrends.

Global bond markets played a dominant role in the first three months of the new calendar year and under such a scenario the All-Weather Portfolio was always going to struggle to make a mark.

Since March bonds are no longer in a sharp downtrend (yields rising) and this has allowed the Portfolio to regain momentum. Both March and April saw the Portfolio outperforming the broader market in Australia.

As far as April goes, the All-Weather Model Portfolio gained 4.05%, outperforming the ASX200 Accumulation Index by 0.53%, led by Hub24 (HUB), Pro Medicus (PME) and Carsales (CAR).

As reported last month, March saw the Portfolio advancing 3.13% for an outperformance of 0.69% against the index, so pretty similar.

There is, however, no guarantee that the market pendulum won't again switch in favour of banks and resources, or that bonds will now behave themselves.

Which is why in January and February we made multiple adjustments to rebalance the Portfolio and make it less of a one-way directional bet as far as bonds and market momentum are concerned.

On balance, both Australian and US markets enjoyed a continued bull run through the period, with markets rallying in both countries.

In regards to portfolio changes, April saw the Portfolio increase its target allocation in Carsales by 2%, along with a 2% increase in NextDC (NXT). Both of these stocks rallied hard during the month of April, having previously been sold off heavily.

On the other end of the spectrum, the Portfolio halved its target allocation in TechnologyOne (TNE) as that share price recovered back to near its all-time high from a depressed share price in January.

We still think TechnologyOne remains its solid old self, and continue owning the shares as a cornerstone investment, but we're less certain the lofty valuation can be sustained in the short term.

One of the Portfolio holdings that attracted negative news last month is IDP Education (IEL) with the coronavirus situation on the ground worsening significantly in India.

Pre-corona, India was a very important market for the company.

Similar as with TechnologyOne, when the share price rallied strongly towards \$30 in late February, the Portfolio halved its exposure, securing profits.

It is against this sharp rally, and the worsening situation in India that the weakening share price for IDP Education needs to be assessed.

Another poor performer for the month was Woolworths (WOW) as defensives are starting to see slowing growth in comparison with a pandemic-boost enjoyed throughout the comparable period last year.

Competitor Coles (COL), also in the Portfolio, went through a similar experience in February and enjoyed positive momentum in response to the negative reset for Woolworths in April.

In terms of top-performing companies, stocks like Hub24 rocketed 20.84% after releasing its Q3 market update. The update highlighted record quarterly platform inflows of \$1.9bn, \$200m higher than last quarter and 41% up PCP.

Another front-runner for the month was Pro Medicus, up by 12% following the announcement of its planned on-market share buy-back program.

As mentioned earlier, Carsales was among the strongest performers in the Portfolio on a general revival for automotive companies, gaining 11.30% in the month.

The Portfolio also owns Bapcor (BAP) and Super Retail Group (SUL) whose share prices equally performed well during the first two weeks of April, but all three have subsequently lost momentum leading into May.

All-Weather Stock of the Month

The All-Weather stock of the month was Hub24 which rallied 20.84% while reporting \$1.9bn in net inflows for the quarter.

Management revealed total Funds Under Management (FUA) have now reached \$51.4bn; this figure includes the acquired Xplore Wealth Limited and Platform FUA, which was up 136% PCP.

The company also revealed it was awarded the Best Platform Overall by Investment Trends as well as the Best Platform Managed Accounts Functionality for the 5th year running.

The financial sector in Australia is going through a dramatic transformation with banks retreating from financial management and advice, advisors leaving the industry in droves, and AMP in an existential crisis.

We believe new financial platform challengers like Hub24 are ideally positioned to grow market share and funds under management for many years into the future.

The All-Weather Model Portfolio used temporary share price weakness earlier in the year to add Hub24 shares and has not been disappointed since.

Though it's always good to keep in mind all Portfolio additions are made with a longer-term outlook in mind.

The same principle applies when assessing the Portfolio's performance (see next page) which was significantly better than the broader market up until November last year

There is some payback in the performance numbers for the fact the Portfolio never fell as deeply as the market did in 2020, as also shown in the 52-weeks chart on the next page.

Over time, there will be periods when quality companies and structural growers are not the best performing parts on the ASX, and this is simply one of such periods, even though March and April have been kind.

All-Weather Returns At 30/04/2021**			
^a Portfolio Returns	All-Weather Portfolio	Benchmark* (^AXJOA)	Value Added
1 MONTH[^]	4.05%	3.52%	0.53%
3 MONTH[^]	6.55%	7.59%	-1.04%
6 MONTH[^]	4.31%	20.38%	-16.07%
12 MONTHS	18.76%	30.82%	-12.061%

*ASX 200 Accumulate Index

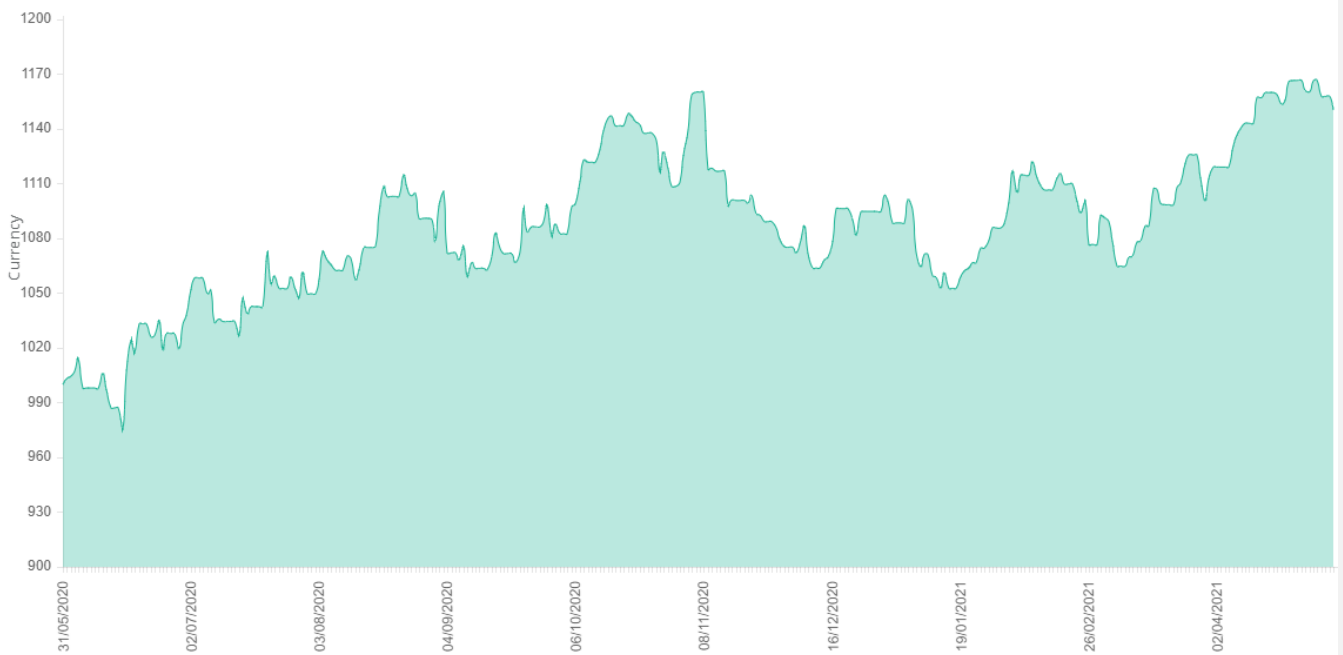
**Returns unaudited and exclusive of fees and brokerage

[^]Cumulative Returns, all other returns are compounding annual growth rates

^a We are currently in the process of calculating longer-term performance metrics which has become trickier because of the switch in financial platforms since the All-Weather Portfolio started. The above statistics are from O2Wealth, which is the current platform.

52 WEEKS RANGE

FIRST PRICE AT 31/05/2020
LAST PRICE AT 03/05/2021



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