

## Portfolio Overview

### August Highlights

CAR **+13.88%**

AMC **+10.70%**

ALL **+10.15%**

### August Lowlights

BAP **-13.28%**

ANN **-9.82%**

SUL **-9.43%**

## August Portfolio Update

By Rudi Filapek-Vandyck and the Vested Team,

### All-Weather Portfolio Performance in August

#### August: Time to Worry?

The August corporate reporting season has proved an important milestone for the Australian share market, in more than one way.

Market forecasts and share price valuations were up to a large extent exonerated as companies reported a strong bounce in profits and an even stronger recovery in dividends, with bonus payouts and share buybacks providing the cherries on top.

But general valuations remain high, and covid continues to weigh on the immediate outlook for many sectors and economies.

Most importantly, with iron ore prices coming under pressure and global growth decelerating, profit forecasts for Australian companies are now in decline, breaking a positive trend that has supported the share market's upswing over the prior 11 months.

Post-August, we have entered September, soon followed by October – historically, this is the most volatile period of the year.

Should investors be worried?

Share markets tend to trend weaker and become more vulnerable to negative sentiment when global growth is under pressure, so there is a real chance for a retreat over September and October.

While there is always a possibility that things might get out of hand -markets are a public forum populated by humans and machines, after all- we, guardians of the All-Weather Model Portfolio, see no reasons to panic, nor to prepare for a big fall.

It helps, of course, that the Portfolio invests mostly in solid, dependable and robust, high-quality businesses that are not necessarily dependent on short-term economic momentum.

Plus, our confidence is matched by a medium to longer-term focus, which is equally beneficial during times of heightened uncertainty and a broad-based pick-up in volatility.

The August reporting season itself proved yet another positive experience for the All-Weather Portfolio, as also illustrated by the fact total return for the month at 3.17% proved yet again better than the broader market.

The Portfolio has now beaten the ASX200 Accumulation Index for six consecutive months.

We are not guided by short-term market momentum switches, but it'll be interesting to note whether September-October delivers a little bit of "pay back" after such strong performance.

Meanwhile, the All-Weather Portfolio has lifted its cash holding to circa 10%, so we are ready to use any weakness and volatility to our longer-term benefit.

#### Portfolio Changes in August

Companies that contributed to August's positive performance include Carsales.com (ASX:CAR), Amcor (ASX:AMC) and Aristocrat Leisure (ASX:ALL).

Aristocrat Leisure did not report financial results in August, but industry signals remain positive for the company, including in digital gaming.

Both Carsales and Amcor released financial results that suggested share prices had been too weak, and investors quickly jumped on the message.

We never had our doubts and continue to see uninterrupted growth ahead for both.

The Portfolio used share price weakness in Breville Group (ASX:BRG) to allocate 4% to this fresh inclusion.

After an initial stabilisation, Breville shares have subsequently weakened further, but we remain confident there has been no change to the multi-year growth path that lays ahead.

Shares in Ansell (ASX:ANN) equally met with swift selling when management issued a cautious guidance with its strong financial performance.

The Portfolio has used the opportunity through doubling its allocation to a total exposure of 6%.

At least some market participants must have had unrealistic expectations, on our assessment.

Ansell is one of the long-term performers that is regularly underestimated and under-appreciated by the broader investment community – but not by us.

Also, Iress's (ASX:IRE) non-binding take-over proposal failed to materialise into a concrete outcome, with both parties extending due diligence without any firm commitments.

Out of risk management, the Portfolio has halved its holding which still leaves exposure to further upside in case a concrete offer to shareholders emerges.

If this somehow proves not to be the case, then Iress's prospects for the coming years shall continue to be a benefit to the Portfolio.

The largest detractor for the Portfolio in August was Bapcor Ltd (ASX:BAP) which dipped -13.28% on a cautious outlook by management given covid and renewed lockdowns in Australia.

Similar as with Ansell, we see a multi-year growth path ahead for Bapcor, which the market tends to under-appreciate as well.

### **All-Weather Stock of the Month**

The All-Weather stock for the month was Carsales.com (ASX:CAR) which rallied +13.88% over the month.

Carsales' FY21 result showed signs of continued momentum in its domestic and international operations. Key geographic market segments in Australia, South Korea and Brazil all contributed to reinforcing its market leadership position.

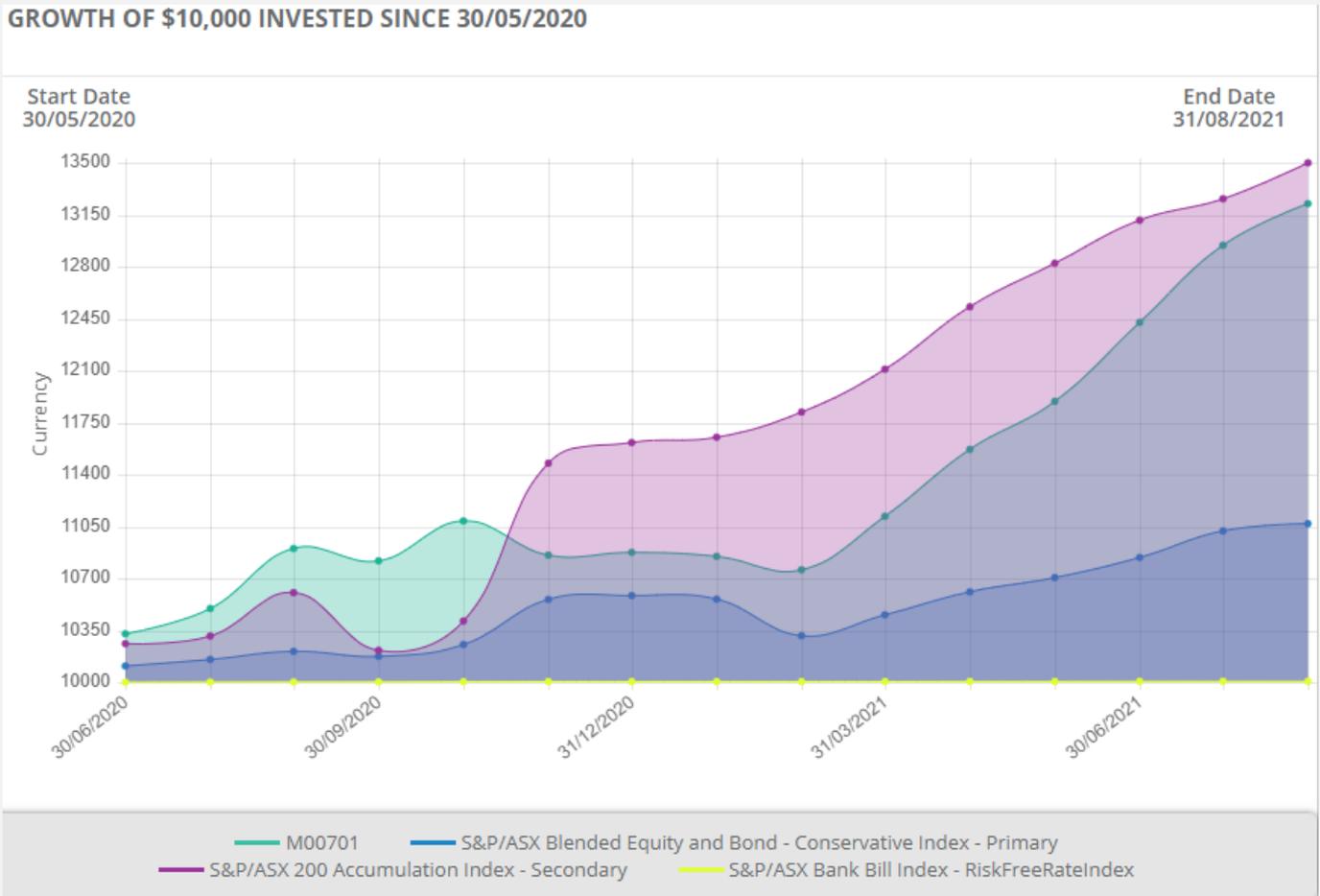
Carsales reported solid financial performance in the first half of the calendar year, reporting revenue and EBITDA growth of 12% and 25%, respectively, along with an EBITDA margin increase of 6% for the period.

In addition, Carsales.com noted it successfully executed a price rise in all markets in the last quarter which resulted in minimal churn, indicating the platform continues to deliver excellent value for dealers.

All Weather Portfolio Performance Since Transitioning to WealthO2

Period Ending 31/08/2021								
Name	Code	Type	1 mth	3 mths	6 mths	1 year	3 years	5 years
All Weather Portfolio	M00701	Capital	3.00%	12.04%	23.54%	20.63%	-	-
All Weather Portfolio	M00701	Income	0.17%	0.23%	0.48%	1.54%	-	-
All Weather Portfolio	M00701	TR	3.17%	12.27%	24.02%	22.18%	-	-
S&P/ASX Blended Equity and Bond - Conservative Index - Primary	CONSERVINDX	TR	0.80%	3.75%	7.69%	8.81%	-	-
S&P/ASX 200 Accumulation Index - Secondary	XJO	TR	2.49%	5.93%	14.73%	27.40%	-	-
S&P/ASX Bank Bill Index - RiskFreeRateIndex	SPBDABBT	TR	0.00%	0.01%	0.02%	0.04%	-	-

GROWTH OF \$10,000 INVESTED SINCE 30/05/2020



PLEASE SEE THE NEXT PAGE FOR THE PRAEMIUM PLATFORM'S PAST PERFORMANCE

## All Weather Portfolio Performance Since on the Praemium Platform\*\*\*

<b>All-Weather Portfolio Performance on Praemium Platform (calendar years)</b>			
Calendar Year	All-Weather Model Portfolio (%)	ASX200 Accumulation Index (AXJOA) (%)	Relative Performance (%)
2015	7.77	2.56	5.21
2016	4.52	11.8	-7.28
2017	14.43	11.8	2.63
2018	1.34	-2.84	4.18
2019	22.08	23.4	-1.32
30/06/2020	-1.73	-10.42	8.69

<b>All-Weather Portfolio Performance on Praemium Platform (financial years July-June)</b>			
Calendar Year	All-Weather Model Portfolio (%)	ASX200 Accumulation Index (AXJOA) (%)	Relative Performance (%)
FY16	14.4	0.56	13.84
FY17	3.16	14.09	-10.93
FY18	17.28	13.01	4.27
FY19	7.38	11.55	-4.17
FY20	5.64	-7.68	13.32

<b>Average annual performance for the 5.5 years (Jan 2015 - June 2020)</b>		
All-Weather Model Portfolio (%)	ASX200 Accumulation Index (AXJOA) (%)	Relative Performance (%)
8.51	5.99	2.52

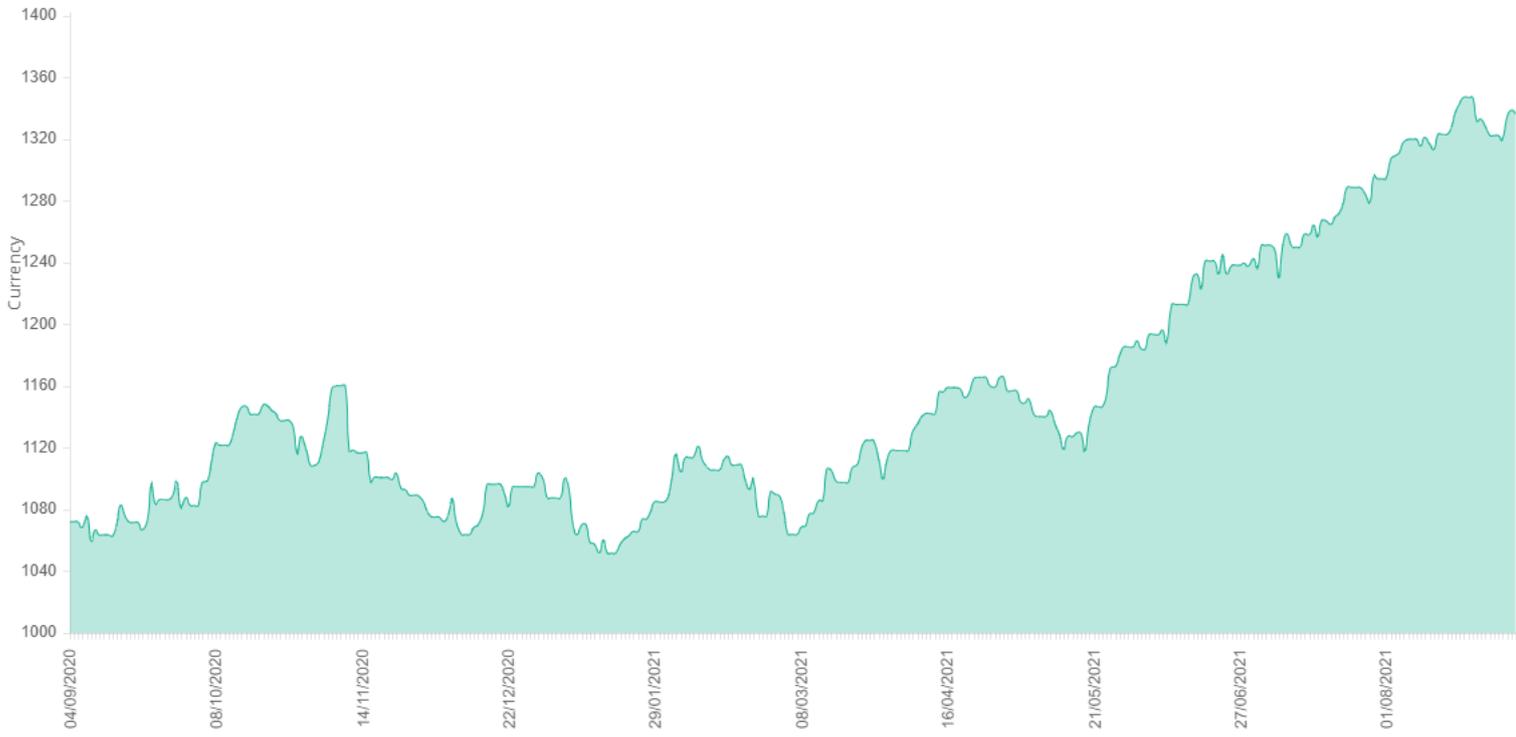
\*ASX 200 Accumulate Index

\*\*Returns unaudited and exclusive of fees and brokerage

\*\*\*There is an overlapping time period between the Praemium platform and the Wealth O2 Platform. If you require more specific information on past platform performance, please send an email to your advisor.

# 52 WEEKS RANGE

FIRST PRICE AT 04/09/2020  
LAST PRICE AT 02/09/2021



## Customer Notice

Vested Equities Pty Ltd holds an Australian Financial Services License 478987. All advice (if any) is general advice only. Your personal circumstances and financial objectives have not been taken into consideration. Accordingly you should consider if the advice is right for you. Past performance is not a reliable indicator of future performance. Please be aware that all investment and trading activity is subject to both profit & loss and may not be suitable for you. All advice and education content is of the nature of general information only and must not in any way be construed or relied upon as legal, financial or personal advice. No consideration has been given or will be given to the individual investment objectives, financial situation or needs of any particular person. The decision to invest or trade and the method selected is a personal decision and involves an inherent level of risk, and you must undertake your own investigations and obtain your own advice regarding the suitability of this product for your circumstances.

Important Disclosure: Vested Equities Pty Ltd, its directors, associates and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly from client transactions arising from any information mentioned on this document. Directors, associates and employees of Vested Equities Pty Ltd from time to time may hold shares in the security/securities mentioned on this held within the all weather portfolio therefore, may benefit from any increase in the price of those securities.