

## Portfolio Overview

### June/July Highlights

RMD +33.78%

IRE +33.05%

IEL +25.94%

### June/July Lowlights

ANN -4.78%

REA -1.92%

CSL -0.27%

## June/July Portfolio Update

By Rudi Filapek-Vandyck and the Vested Team,

### All-Weather Portfolio Performance in June/July

At its core essence, what the All-Weather Model Portfolio is trying to show investors is there is life on the Australian share market beyond banks and resources stocks.

While both major pillars of the Australian economy have served investors well during times of economic buoyancy, the past decade has seen more misery than joy -that's a fact, not an opinion- and it looks like the future remains riddled with plenty of question marks for both sectors.

Instead of hoping for a come-back of the good old, pre-GFC days, our focus is very much on modern day's changed conditions and on which companies seem best suited to adapt and adopt better ways to deal with these changes.

A second major consideration is that we promise our investors below average volatility; a promise we usually meet through shallower drawdowns whenever major market conniptions announce themselves.

Combining the above, how have we done thus far?

By June 30 last year, the Portfolio had outperformed the ASX200 Accumulation Index by 8.69% over six months and by 13.32% over twelve months.

The temporary losses incurred during the heaviest times of panic selling had been a lot shallower than the market as well.

Under more traditional settings this would have cemented another calendar year of outperformance, but the market recovery post-March 2020 has been lightning fast; much faster than anyone anticipated.

Add quick success in vaccines development and a strong rally in global bond yields, off pandemic-recession lows, and the Portfolio found itself on the wrong side of market momentum between October and mid-March.

The blunt reality remains that sometimes all the share market action happens in banks and resources stocks.

It happened in late 2016, and again in early 2018, and again in November last year.

Such market momentum swings can be brutal but they never last, and after the temporary bruising, the Portfolio tends to come out on top again.

In July, the All-Weather Portfolio outperformed the broader market for the fifth month in succession, and by a noticeable margin too: 4.18% versus 1.10% for the ASX200 Accumulation.

The Portfolio is now showing outperformance over 1, 3 and 6 months.

It seems like there still is a gap to close of 7.08% over 12 months to June, but this needs to be considered against the outperformance numbers mentioned earlier.

When it comes to investing, context is everything and performance measurements for the All-Weather Portfolio are no different.

By the end of July, the gap in twelve months performance vis a vis the ASX200 Accumulation had shrunk further, but we like to focus on the fact that, since inception 6.5 years ago, the All-Weather Model Portfolio has outperformed during most times.

Also, recent research by Morgan Stanley suggests a basket of Quality companies, passively managed, but updated at intervals, generates share market outperformance of circa 2% per annum, over a prolonged period.

The All-Weather Portfolio is not 100% comparable, of course, but it shares a large overlap with the philosophy of picking Quality in the share market with a high degree of loyalty attached.

It just so happens the relative outperformance over the 5.5 years prior to FY21 stands at 2.52%, see pages 5 and 6 for further details.

### **June-July: The Nitty Gritty**

In terms of the past two months, June proved to be a stellar month for the All-Weather Portfolio, seeing it gain 4.36%, outperforming the ASX200 Accumulation Index by 2.1%.

June's performance was in particular carried by Iress Ltd (ASX:IRE), ResMed (ASX:RMD) and NextDC Ltd (ASX:NXT).

July equally proved to be a very prolific month for the Portfolio, seeing gains of 4.18%, this time outperforming the ASX Accumulation Index by a margin of 3.08%.

Both Australian and US markets enjoyed a continued bull run through the period, with share prices rallying in both countries and the ASX200 reaching an all-time high.

In regards to portfolio changes, June saw the Portfolio add in Audinate Group (ASX:AD8). Soon after the company issued a profit update that was well-received, and profits were taken in July.

Profits were equally taken on both Pro Medicus Ltd (ASX:PME) and Hub24 Ltd (ASX:HUB); all proceeds were converted to cash for future opportunities.

The largest detractor for the Portfolio over the June/July period was Ansell (ASX:ANN) which dipped -4.78% since the start of June.

The stock has been experiencing some volatility after the announcement that Neil Simon was promoted to the role of Managing Director and CEO effective as of the 1<sup>st</sup> of September this year. This follows a comprehensive search after the announcement that Magnus Nicolin would be retiring.

Iress and ResMed were the number one and two performers in June and both continued performing well in July, with ResMed ending up slightly beating Iress over the two months.

ResMed shares (ASX:RMD) rocketed 33.78% for the period, also helped by the fact major competitor Philips is recalling 3.5 million ventilation devices.

Confidence in IDP Education (ASX:IEL) was rewarded with a 25.94% increase for the period, triggered by the announcement the company would be acquiring a 100% stake in the British Council's Indian IELTS operations for £130 million on a debt-free, cash-free basis.

One of the philosophies underpinning choices made in the All-Weather Portfolio is that covid is helping the strong get stronger and IDP Education is one prime example of this.

### **All-Weather Stock for the June/July Period**

The All-Weather stock for the June/July period is Iress Ltd (ASX:IRE) which has rallied 33.05% since the start of June.

An investor strategy presentation released towards the end of July highlighted the company is seeking to shift to a single technology platform to drive operating leverage and higher returns with \$15m p.a. of pre-tax investment spend assumed in both FY22 & FY23.

The Iress board also reaffirmed profit guidance for 2021 remained constant at 7-10% growth on the prior year. This follows from an earlier announcement in April in which management increased net profit guidance by \$14m.

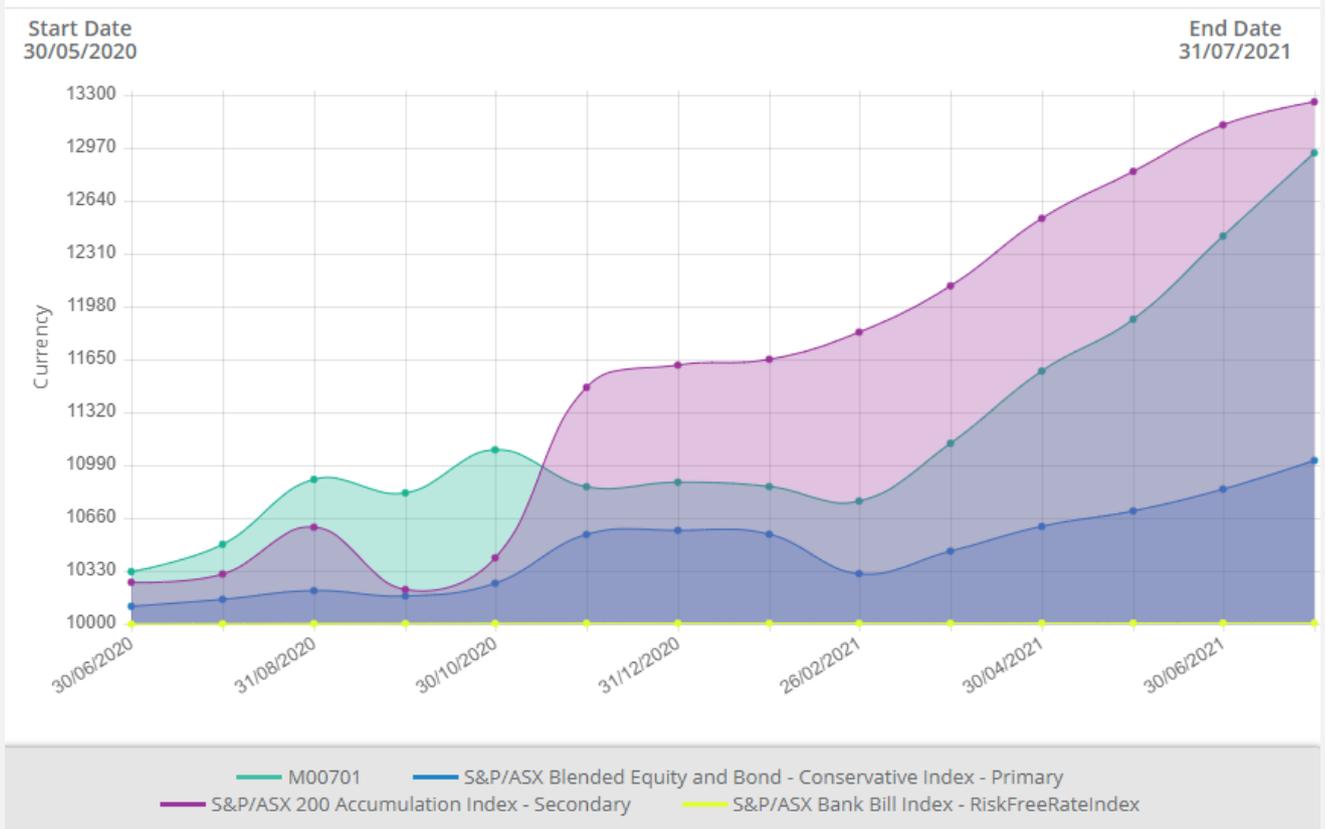
Iress also announced a \$100m on-market buyback plus the board reiterated its focus on accelerating growth in EPS and ultimately improving return on capital invested (ROIC) along with optimising the capital structure.

The company also disclosed it had received a series of highly conditional indicative bids from private equity suitors that have been rejected.

**All Weather Portfolio Performance Since Transitioning to WealthO2**

Period Ending 31/07/2021								
Name	Code	Type	1 mth	3 mths	6 mths	1 year	3 years	5 years
All Weather Portfolio	M00701	Capital	4.18%	11.69%	18.45%	21.35%	-	-
All Weather Portfolio	M00701	Income	0.00%	0.05%	0.60%	1.57%	-	-
All Weather Portfolio	M00701	TR	4.18%	11.74%	19.05%	22.91%	-	-
S&P/ASX Blended Equity and Bond - Conservative Index - Primary	CONSERVINDX	TR	1.65%	3.87%	4.36%	8.53%	-	-
S&P/ASX 200 Accumulation Index - Secondary	XJO	TR	1.10%	5.78%	13.58%	27.79%	-	-
S&P/ASX Bank Bill Index - RiskFreeRateIndex	SPBDABBT	TR	0.00%	0.01%	0.02%	0.05%	-	-

**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

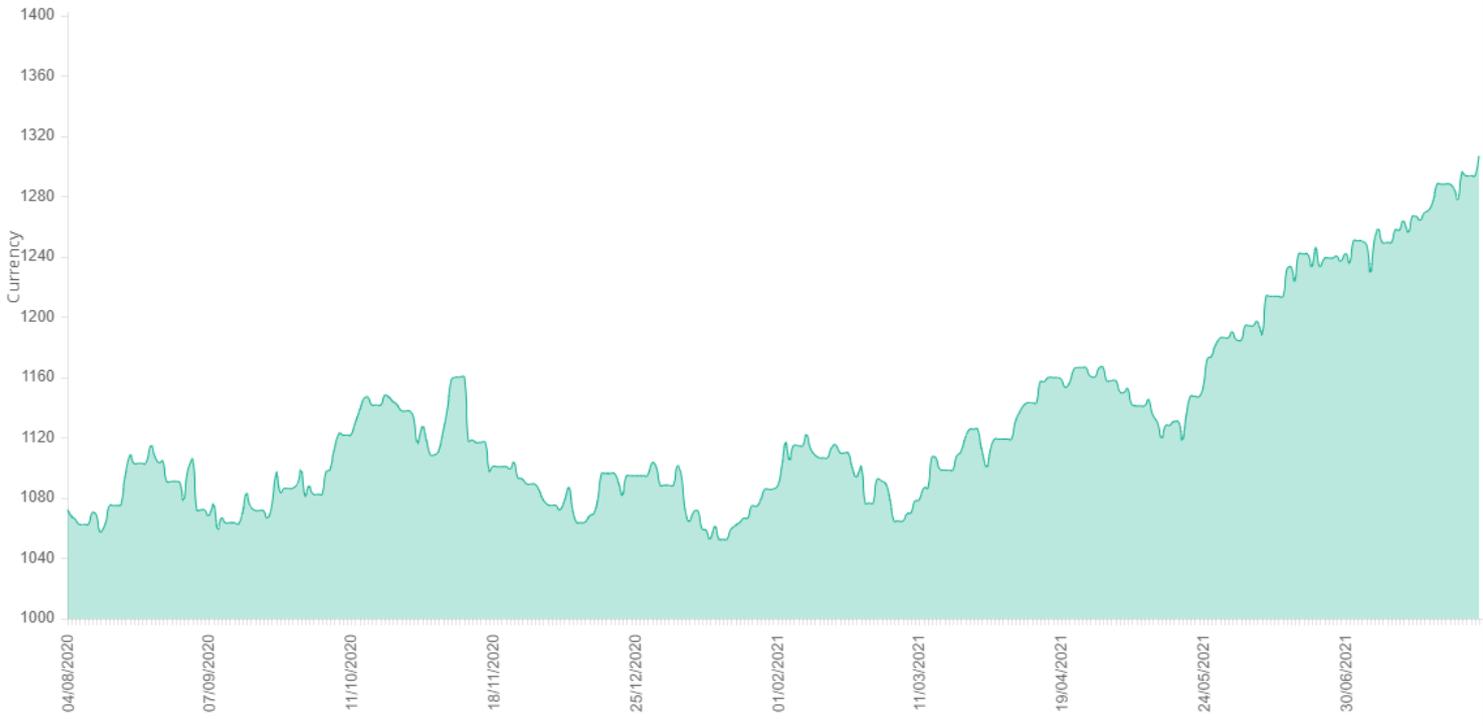
\*ASX 200 Accumulate Index

\*\*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 04/08/2020  
LAST PRICE AT 02/08/2021



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