

Quarterly performance report

31 December 2019

Stalbridge Capital Global Opportunity – Retail Managed Portfolio

The Stalbridge Capital Global Opportunity – Retail Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 31 December 2019 ¹					Top five holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)	T	AT&T	8.18
Portfolio	-0.84	4.29	21.81	14.97	CSL	CSL Limited	7.09
Benchmark	-1.15	2.72	25.60	17.96	MSFT	Microsoft Corporation	6.55
+/- Return	0.31	1.57	-3.79	-2.99	ASML	ASML Holding	5.01
					AMAT	Applied Materials Inc	4.77

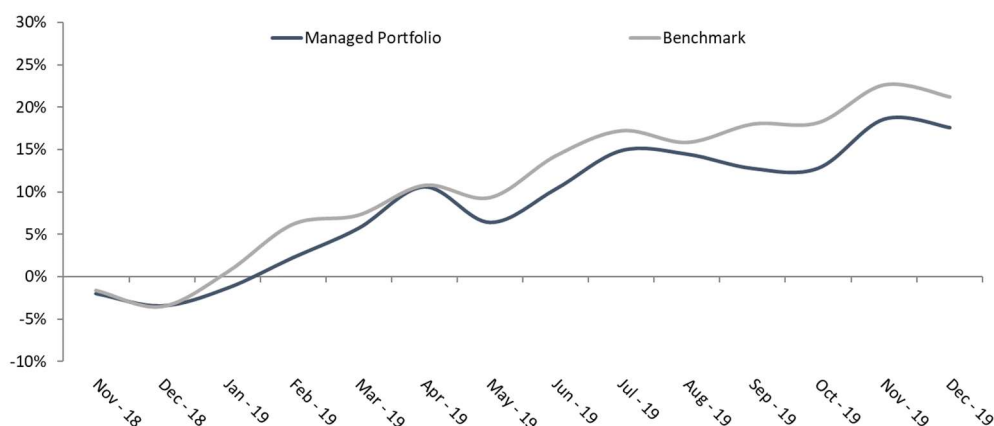
Portfolio and market returns

Turning One

Early November marked the first anniversary for the Stalbridge Capital Global Opportunity Managed Portfolio, and what a first year it has been. The Managed Portfolio grew by +21.8% (after fees) in 2019 – although below market, a satisfactory performance given our high cash position (averaged 15% in 2019) across most of the year. Excluding cash and fees, the Managed Portfolio's stock returns were well above market, giving us confidence in our investment process.

With our first year anniversary, we reflect on our performance from three standpoints – what went well, what went as expected, and what lessons we learned. First, our stock selection process appears sound (ex-cash and pre-fees, +34% total return in 2019, +8.5% above benchmark), we refrained from “falling in love” with individual stocks (e.g. Cochlear, Vocus, Nufarm), and believe we effectively managed those risks that we could (e.g. position sizing, liquidity). Second, we expected trading activity to be high in the first year, given the initial implementation and refinement of the Stalbridge Capital Global Opportunity strategy; we do not expect trading fees to be such a drag on performance going forward. Third, lessons learned include: 1) don't cut winning positions early (e.g. ResMed, Novo Nordisk, Alibaba), and 2) don't let an overly cautious outlook keep cash on the sidelines – a significant drag on 2019's performance. Finally, as we reflect on our first year, a special thanks to our partners, trusted advisors, co-workers – and most especially our investors. We look forward to further growing the wealth you have entrusted to us in 2020.

Performance since inception¹



¹ The Portfolio's benchmark is 50% S&P/ASX 300 Accumulation Index & 50% MSCI ACWI Net Total Return Index. Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 1 November 2018. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Investment objective & strategy

Stalbridge Capital aims to achieve superior returns with a below-average risk profile over a 3-5 year cycle. We seek out high-conviction investment ideas across both domestic and global market places, within investment themes that we expect will provide growth opportunities for select companies.

The portfolio is comprised of businesses deemed attractively valued given their underlying growth opportunities, with sustainable or improving market positions and operating performance, and led by quality management. The financial strength of each company should reflect its opportunities, including expectations for sustainable or improving profitability and returns on capital, cash generation, and balance sheet integrity.

The split between Australian and global companies is determined by evaluating company-specific investment opportunities against conditions across different global financial markets.

About Stalbridge Capital

Stalbridge Capital is an Australian-based investment management company focused on finding and developing investment opportunities in both domestic and global companies. Founded in 2018, they seek to provide solid capital growth for investors over the medium- to long-term.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

Contact

Investors

Please speak
to your adviser

Key features

Investment universe	S&P/ASX 300 Accumulation Index and MSCI ACWI Total Return (in AUD); Up to 20% of the Managed Portfolio may be invested in securities outside the S&P/ASX 300 Accumulation Index and MSCI ACWI Total Return (in AUD)
Benchmark	50% S&P/ASX 300 Accumulation Index / 50% MSCI ACWI Total Return (in AUD)
Max investments	35
Min cash weighting	2%
Max equity weighting	98%
Rebalancing	Program adviser discretion
Min investment	\$50,000
Suggested timeframe	3-5 years

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the instructions of Stalbridge Capital as the Program Adviser.

More information

Further information about the Portfolio, including fees and costs, is outlined in the Stalbridge Capital Account Service Investment Mandate.

Advisers

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