

# Alleron Investment Management Limited

## Monthly Report

November 2015

### Portfolio performance and attribution analysis

	Since Inception (Annualised)	Month
Portfolio	+9.495%	+0.110%
Benchmark	+6.905%	-0.747%

### Top 3 and bottom 3 performing stocks

Top 3: Cochlear Ltd (COH), Caltex Australia Ltd (CTX), Seek Limited (SEK).

Bottom 3: Fortescue Metals Group Ltd (FMG), Fairfax Media Limited (FXJ), Primary Healthcare Ltd (PRY).

### Portfolio changes

Stocks joined or increased:

Nanosonics Ltd (+1.00%; New): An ultrasound probe cleaning equipment manufacturer and distributor. The company has returned to revenue growth and the Journal of Medical Virology demonstrates that the company's equipment was the only system proven to kill cancer causing strains of HPV.

Stocks Removed or Reduced:

Nil

### Market commentary

Global markets showed uncertainty from a mixed release of economic news and the Paris terrorist attacks. The US economy continued to strengthen with strong jobs and trade data but Chinese exports fell for the fourth consecutive quarter. The Chinese government continued their probe into short selling. The price of iron ore and oil both ended 10% lower for the month on further news of oversupply in their respective markets. The US dollar strengthened against most currencies and the Yuan was officially admitted into the IMF's benchmark currency basket.

The Australia market fell in November led by miners despite unemployment falling to 5.9%. AGM season provided an opportunity for companies to update the market with Flight Centre reaffirming profit guidance highlighting growth in both domestic leisure and corporate travel. Sydney Airport October traffic numbers showed a 5% increase in international traffic with significant contributions from Chinese and Hong Kong passengers. BHP temporarily shut a Brazilian joint venture iron ore mine operation due to the collapse of a dam while they assess the damage to the local ecosystem. Fortescue repaid US\$750m worth of debt, reaffirming guidance of reaching target gearing

levels of 40%.

### Portfolio commentary

Positives:

COH - The company reaffirmed full year profit guidance with continued positive sales momentum.

CTX - The share price recovered after a period of underperformance.

SEK - The company received \$235m after listing its education subsidiary IDP Education and Chinese subsidiary Zhaopin reported 19% revenue growth for the September quarter.

Negatives:

FMG - The share price fell with the iron ore price.

FXJ - The company's print advertising revenues are struggling from weak consumer confidence and structural change.

PRY - The company announced that FY16 profit will fall 5% due to a Medicare rebate freeze and falling margins.

### Portfolio focus

Alleron's investment process focusses on companies with a competitive advantage and a developing organic growth profile. An investment will be made once an identified investment trigger occurs.

### Current portfolio Top ten holdings

Stock	30/11/15
Westpac Banking Corporation	6.03%
National Australia Bank	5.90%
Cochlear Ltd	5.61%
Sydney Airport Holdings Ltd	5.23%
Resmed Inc	4.89%
AMP Ltd	4.84%
Seek Ltd	4.72%
Rio Tinto Ltd	4.64%
Caltex Australia Ltd	4.15%
Treasury Wine Estates Ltd	4.08%

### Sector analysis

Industry Classification	Weight
Consumer Discretionary	7.64%
Consumer Staples	5.76%
Energy	10.30%
Financials	33.45%
Healthcare	14.03%
Industrials	14.52%
Information Technology	0.00%
Materials	9.86%
Telecommunications	0.00%
Cash	4.44%
Total	100.00%

### Portfolio analysis:

Top 100 91.25% of fund

Ex 100 4.31% of fund

Tracking error: 4.1%

Breach report: No Breaches to report

### Portfolio Return Dispersion

Notable Differences: No notable differences.