

Australian Equity Model Portfolio Performance

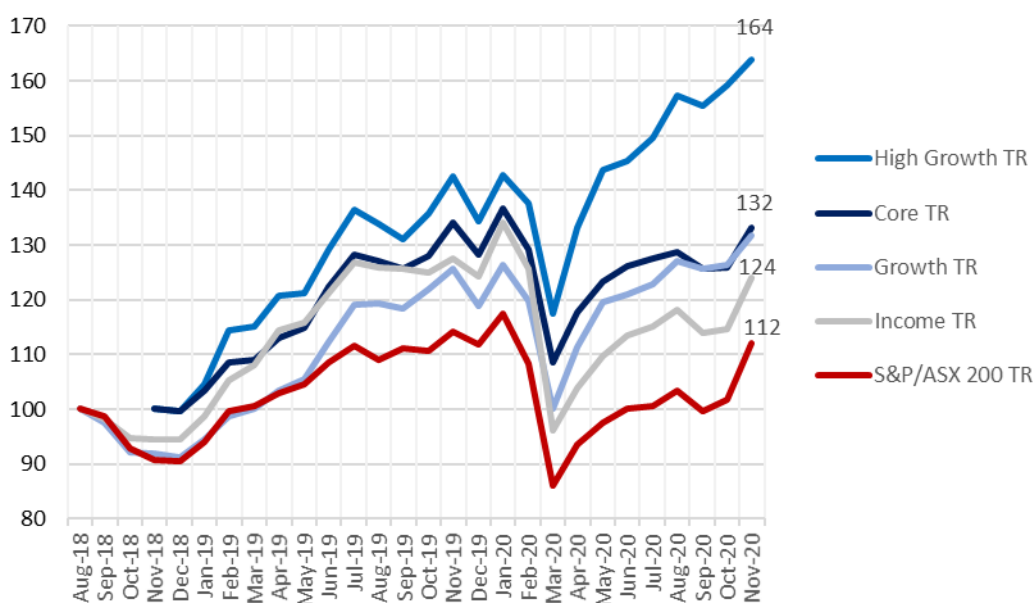
Rolling returns to 30 November 2020

Bluebird Portfolio	1M (%)	3M (%)	6M (%)	1Yr (%)	2Yrs (% p.a.)	Since Inception (% p.a.)	Yield	FY21F (%)
High Growth TR	2.9	4.1	14.0	15.0	28.0	28.0	Cash yield	1.8
S&P/ASX 200 TR	10.2	8.2	14.8	-2.0	11.1	11.1	Franking	54
Excess Return	-7.3	-4.1	-0.8	17.0	16.9	16.9	Gross yield	2.3
Growth TR	4.3	3.8	10.3	4.9	19.8	13.1	Cash yield	2.6
S&P/ASX 200 TR	10.2	8.2	14.8	-2.0	11.1	5.2	Franking	57
Excess Return	-5.9	-4.4	-4.5	6.9	8.7	7.9	Gross Yield	3.3
Core TR	5.7	3.4	8.0	-0.8	15.4	15.4	Cash yield	3.1
S&P/ASX 200 TR	10.2	8.2	14.8	-2.0	11.1	11.1	Franking	62
Excess Return	-4.5	-4.8	-6.8	1.2	4.3	4.3	Gross Yield	4.0
Income TR	8.2	5.0	13.1	-2.7	14.6	10.0	Cash yield	4.0
S&P/ASX 200 Industrials TR	10.2	9.5	15.9	-2.8	10.1	4.2	Franking	72
Excess Return	-2.0	-4.5	-2.8	0.1	4.5	5.8	Gross Yield	5.2

TR = Total Return (before fees and franking credits). Growth and Income inception 31/08/18, Core and High Growth inception 30/11/18. Bluebird performance figures are reconciled with HUB24 performance figures each month and will also be audited. Past performance is not a reliable indicator of future performance.

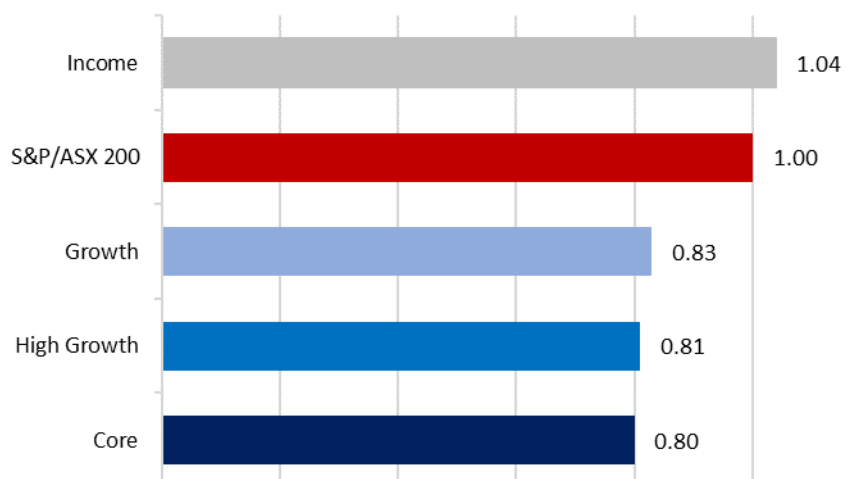
Portfolio returns, since inception

Portfolio returns are significantly above the market



Portfolio Risk, since inception

Portfolio risk, as measured by portfolio beta, is generally lower than the market



Conclusion – the Bluebird portfolios are adding value and lowering risk, i.e. they are generating strong risk-adjusted returns.

Market commentary

The Australian market gained 10.2% in November, the largest monthly gain in 30 years. The ASX 20 led the gains with Banks, Resources, Property and Energy stocks rallying on news of three COVID vaccines nearing approval. At the same time, fiscal and monetary policy is very accommodative, so the market is expecting a strong economic recovery in 2021.

There has been a rotation from technology, healthcare and gold sectors into sectors that are viewed as value. However, we see this a one-off rerating event rather than a new trend. We still expect technology, healthcare and gold sectors to do well over the medium to long term.

With the market accepting the US election result and COVID restrictions likely to ease in 2021, the major two risks to the outlook seem to be receding and markets have rallied hard. The remaining risks, as we see them, are Australia/China relations (which seem to be worsening) and the threat of inflation (from all the stimulus and pent-up demand).

Short-term, we expect the market rally to continue into 2021, as economic growth and inflation recover off a low base. However, once economic conditions return to 'normal' we expect a Japan-style low growth/low inflation environment to eventually prevail. This is because high debt loads will limit future leverage and spending by governments and households. Aggregate demand will fall over time, leading to excess supply and falling prices. In addition, new technology driven business models will also drive prices down. It will get harder and harder for large incumbent companies to maintain margins and find earnings growth. And monetary and fiscal policy ammunition will be close to exhaustion. Overall, we are short term bulls but long-term bears. Our focus is on quality companies, with sustainable earnings and low gearing.

Portfolio commentary

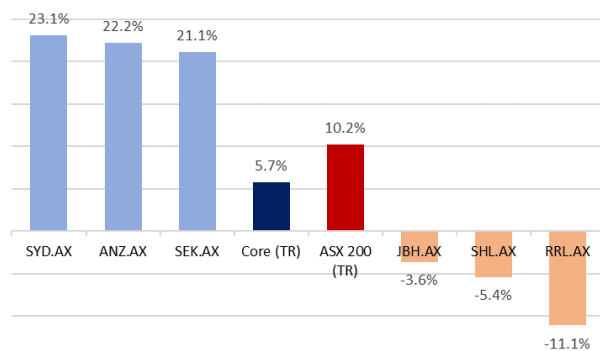
The Bluebird portfolios have completed 2 years of operation and all are meeting their objectives to add value over the market and lower risk, relative to the market. The High Growth portfolio has been particularly outstanding. These results exceed our original portfolio objectives, and we are pleased with the performance to date.

There was a general rotation out of growth into value in November, which dragged on our Growth and Core portfolio performance, but the Income portfolio held up well, given it has a greater bias to value stocks. Our process is Quality and Value, but our stocks typically sit between Growth and Value extremes.

Overall, it is very pleasing to see our Quality, Value and Momentum investment philosophy and process delivering outstanding risk-adjusted results for clients. The portfolios are all meeting their objectives and are delivering excellent results in absolute and relative terms. And our strong track record goes back 13 years (including 11 years at Lonsec).

Core Portfolio

Portfolio and stock performance, November 2020



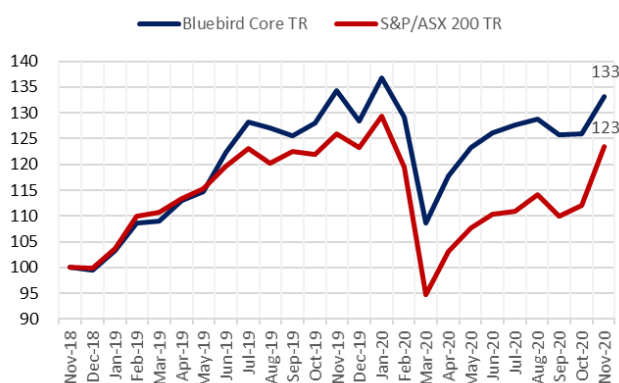
Portfolio TR Month: 5.7%

Benchmark TR Month: 10.2%

The Core portfolio lagged the extraordinary market gain in November due to an underweight position in Banks, Resources and Energy. At the same time, growth sectors like Technology, Healthcare and Gold also underperformed.

We expected the rerating in Banks but view this a largely one-off event. The Core holds 10% Banks, but the Income has 15% and we remain comfortable with these weightings. We also remain bearish on fossil fuels and view any bounce as a chance to exit the oil and gas sector. We remain positive on Healthcare, Technology and Gold and expect the portfolio to continue to outperform, over the medium to long term.

Portfolio return vs benchmark, since inception (30/11/18)



Portfolio TR (since inception): 33.2%

Benchmark TR (since inception): 23.5%

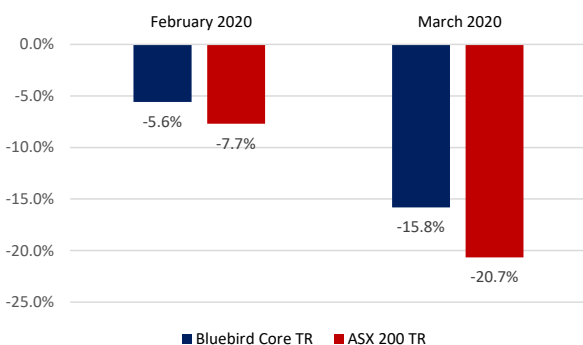
Yield: 3.1% cash, 4.0% gross

The Core portfolio has completed two years of operation and is adding significant value over the benchmark and demonstrating lower volatility than the market.

The portfolio held up well during the recent market crash and has recovered with the market.

Overall, portfolio performance is strong, and we are confident the portfolio still has plenty of upside.

Portfolio performance during the recent market crash



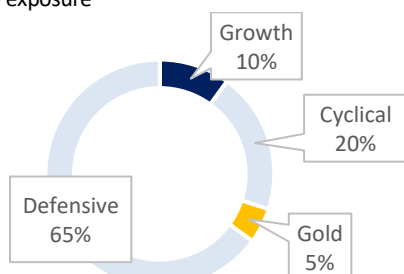
Portfolio Beta: 0.80

Portfolio Vol: 17.2%

Worst monthly drawdown: -15.8% (March 2020)

The Core portfolio is exhibiting excellent defensive qualities by holding up well in down markets. The portfolio is adding significant value over the benchmark in both up and down markets. Portfolio risk is considerably lower than the market at 0.80. Overall, the portfolio is genuinely delivering strong risk-adjusted returns.

Portfolio defensive exposure



Defensive exposure: 65%

Gold equity exposure: 5%

ASX 100 exposure: 85%

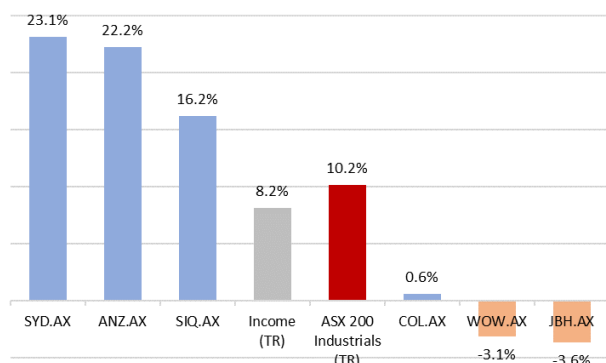
Portfolio turnover: 18%

Bluebird builds capital protection into the portfolios via our quality and value selection process, sector diversification, high defensive exposure, gold equity exposure and potential cash weighting.

We also have a bias to large caps with 85% of the portfolio invested in the ASX 100. This leads to lower volatility and higher liquidity. Lastly, we hold for the long term and portfolio turnover is low at 10-20% per annum.

Income Portfolio

Portfolio and stock performance, November 2020



Portfolio TR month: 8.2%

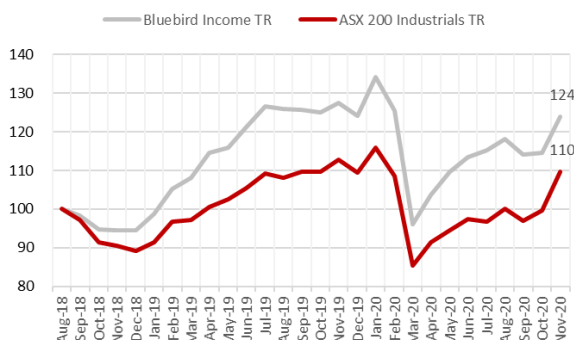
Benchmark TR month: 10.2%

The Income portfolio was the best performing portfolio in November with a greater exposure to 'value' stocks like the Banks, SIQ, SYD, TLS and DXS.

The Income portfolio benefited from the rotation to value, with most stocks up significantly in November. Stocks that benefited from COVID restrictions hit a little profit taking in JBH, WOW and COL.

Overall, we remain comfortable with portfolio weightings and expect the portfolio to continue to perform well in terms of income and capital growth.

Portfolio return vs benchmark, since inception (31/08/18)



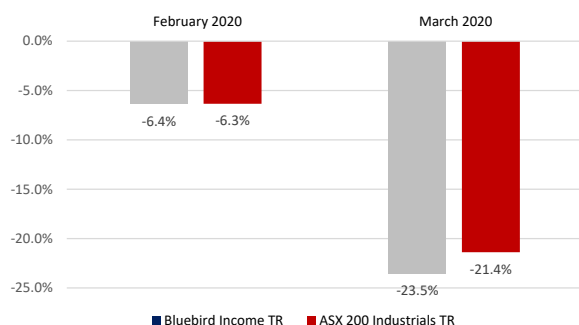
Portfolio TR (since inception): +24.0%

Benchmark TR (since inception): 9.7%

Yield: 4.0% cash, 5.2% gross

The Income portfolio has completed two years of operation and is tracking well above the benchmark. Unlike many income portfolios, the Bluebird income portfolio has increased in value and we are working to improve the sustainability of the income and reduce portfolio volatility. We recently increased defensive exposure with WOW, COL and WES now representing 30% of the portfolio.

Portfolio performance during the recent market crash



Portfolio Beta: 1.04

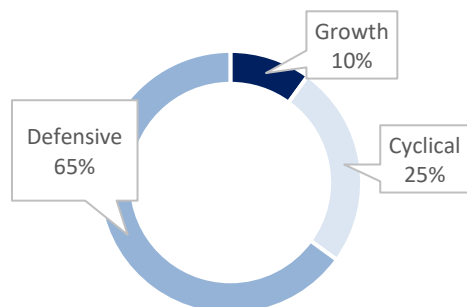
Portfolio Vol: 21.1%

Worst drawdown: -23.5% (March 2020)

Our Quality, Value and Momentum process seeks to add value, without additional risk. In fact, we seek to reduce portfolio risk via high defensive weightings.

Portfolio risk is slightly above the market but is trending lower. During 2020 we moved to increase defensive exposure in the portfolio and expect the portfolio beta to gradually fall below 1.0 over the medium term.

Portfolio defensive exposure



Defensive exposure: 65%

Gold equity exposure: 0%

ASX 100 exposure: 85%

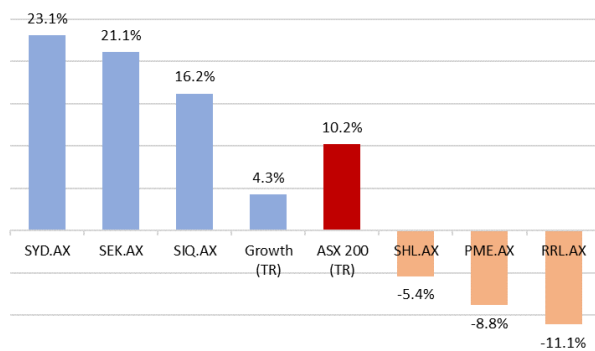
Portfolio turnover: 24%

Bluebird builds capital protection into the portfolios via our quality and value selection process, sector diversification, high defensive stock weightings and potential cash weighting.

We also have a bias to large caps with 85% of the portfolio invested in the ASX 100. This leads to lower volatility and higher liquidity. Lastly, we hold for the long term and portfolio turnover is low at 24% per annum.

Growth Portfolio

Portfolio and stock performance, November 2020



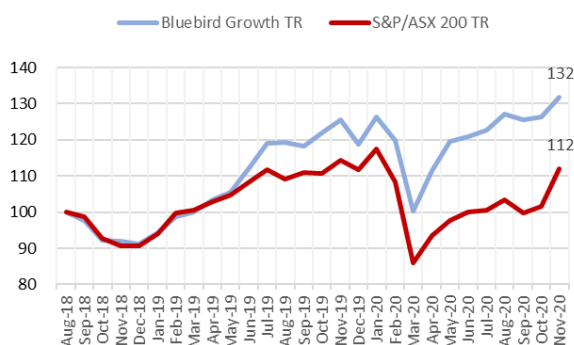
Portfolio TR month: 4.3%

Benchmark TR month: 10.2%

The Growth portfolio lagged the extraordinary market gain in November due to low exposure to Banks, Resources and Energy. At the same time, growth sectors like Technology, Healthcare and Gold also underperformed.

On the positive side, we saw a strong rebound in SYD, SEK, SIQ and BXB during the month. While there has been a rotation from growth into value, we see this as a short-term event that closes the excessive discount on Banks and Property Trusts. Moving forward, we expect Technology, Healthcare and Gold sectors to continue to outperform. Accordingly, we plan no changes to the portfolio.

Portfolio return vs benchmark, since inception (31/08/18)



Portfolio TR (since inception): +31.8%

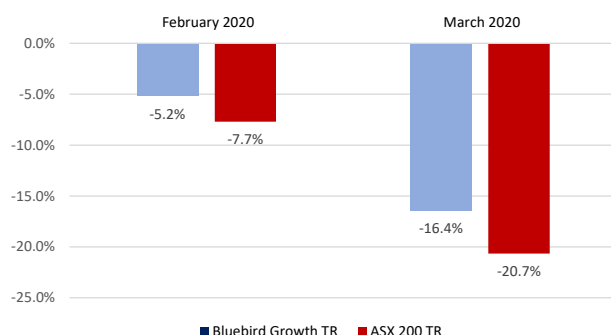
Benchmark TR (since inception): +12.0%

Yield: 2.6% cash, 3.3% gross

The Growth portfolio has completed 2 years of operation and is adding significant value over the benchmark and demonstrating lower volatility than the market.

The portfolio held up well during the market crash in March 2020 and has recovered strongly ever since. We recently made some changes to the portfolio to continue the strong momentum of the portfolio.

Portfolio performance during the recent market crash



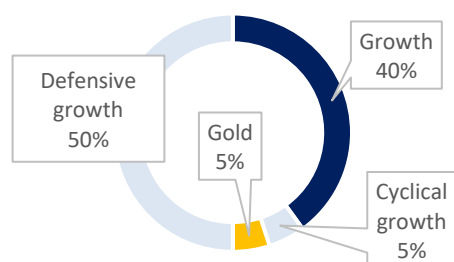
Portfolio Beta: 0.83

Portfolio Vol: 18.0%

Worst drawdown: -16.4% (March 2020)

The Growth portfolio is exhibiting excellent defensive qualities by holding up well in down markets. The portfolio is adding significant value over the benchmark in both up and down markets. Portfolio risk is lower than the market at 0.83. Overall, the portfolio is genuinely delivering strong risk-adjusted returns.

Portfolio defensive exposure



Defensive exposure: 50%

Gold equity exposure: 5%

ASX 100 exposure: 65%

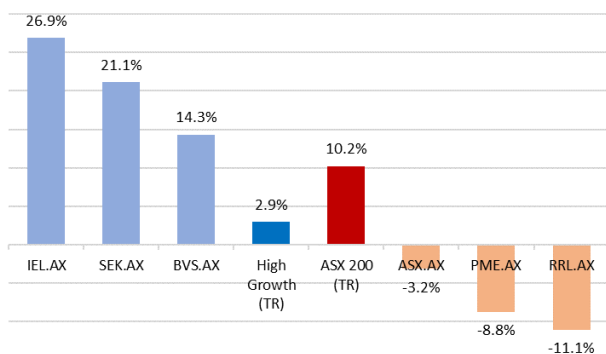
Portfolio turnover: 13%

Bluebird builds capital protection into the portfolios via our quality and value selection process, sector diversification, high defensive exposure, gold equity exposure and potential cash weighting.

We also have a bias to large caps with 65% of the portfolio invested in the ASX 100. This leads to lower volatility and higher liquidity. Lastly, we hold for the long term and portfolio turnover is low at 10-20% per annum.

High Growth Portfolio

Portfolio and stock performance, November 2020



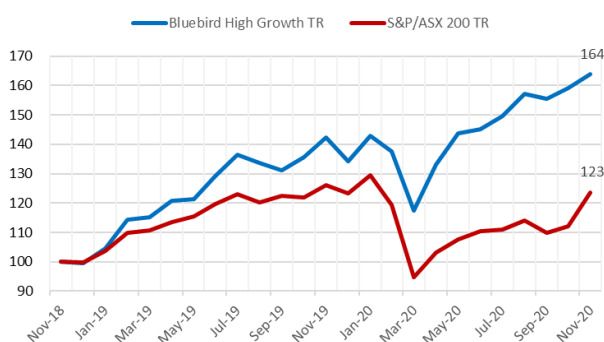
Portfolio TR month: 2.9%

Benchmark TR month: 10.2%

The High Growth portfolio lagged the extraordinary market gain in November due to low exposure to Banks, Resources and Energy. At the same time, growth sectors like Technology, Healthcare and Gold also underperformed.

On the positive side, we saw a strong rebound in IEL, SEK and BVS during the month. While there has been a rotation from growth into value, we see this as a short-term event that closes the excessive discount on Banks and Property Trusts. Moving forward, we expect Technology, Healthcare and Gold sectors to continue to outperform. Accordingly, we plan no changes to the portfolio.

Portfolio return vs benchmark, since inception (30/11/18)



Portfolio TR (since inception): +63.8%

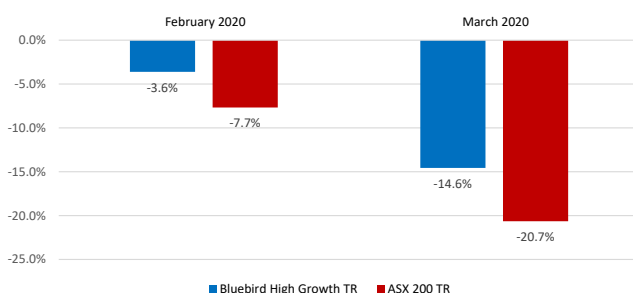
Benchmark TR (since inception): +23.5%

Yield: 1.8% cash, 2.2% gross

The High Growth portfolio has completed two years of operation and is building an outstanding track record. The portfolio is 40% above the benchmark and exhibiting lower volatility, with a portfolio beta of 0.8.

We recently made the first changes to the portfolio in nearly two years, with two stocks exiting and three new stocks coming in. We also adjusted the portfolio weights. We anticipate this will keep the momentum going in the portfolio.

Portfolio performance during the recent market crash



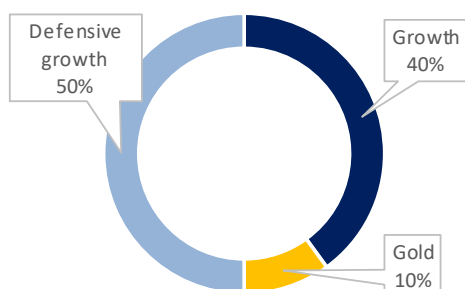
Portfolio Beta: 0.81

Portfolio Vol: 19.1%

Worst monthly drawdown: -14.6% (March 2020)

The portfolio has shown surprising resilience, for a high growth portfolio, and continues to hold up well in down markets. With the portfolio adding significant value over the benchmark, without any additional risk. It doesn't get much better than this when talking about strong risk-adjusted returns.

Portfolio defensive exposure



Defensive exposure: 50%

Gold equity exposure: 10%

ASX 100 exposure: 50%

Portfolio turnover: 10%

Bluebird builds capital protection into the portfolios via our quality and value selection process, sector diversification, high defensive exposure, gold equity exposure and potential cash weighting.

We also have a bias to large caps with 50% of the portfolio invested in the ASX 100. This leads to lower volatility and higher liquidity. Lastly, we hold for the long term and portfolio turnover is low at 10-20% per annum.

Portfolio Profiles

		High Growth	Growth	Core	Income
Growth exposure	Income exposure	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Description		A concentrated portfolio focused on capital growth	A concentrated portfolio focused on capital growth first and income second	A more diversified portfolio focused on a balance of income and capital growth	A concentrated portfolio focused on income first and capital growth second
Inception date		30/11/18	31/08/18	30/11/18	31/08/18
Objective		Benchmark + >5% p.a.	Benchmark + 3-5% p.a.	Benchmark +2-4% p.a.	Benchmark +2-4% p.a.
Risk target		Portfolio Beta ~1.1	Portfolio Beta ~1.0	Portfolio Beta <1.0	Portfolio Beta <1.0
Number of stocks		15	20	20	16
Universe		S&P/ASX 200	S&P/ASX 200	S&P/ASX 200	S&P/ASX 200
Benchmark		S&P/ASX 200 Total Return	S&P/ASX 200 Total Return	S&P/ASX 200 Total Return	S&P/ASX 200 Industrials Total Return
Current ASX 100 exposure		50.0%	65.0%	85.0%	85.0%
Maximum stock target weight		10.0%	10.0%	10.0%	10.0%
Minimum stock target weight		2.5%	2.5%	2.5%	2.5%
Maximum cash limit		10%	10%	10%	10%
Maximum gold equity hedge		10%	10%	10%	0%
Expected Turnover		1-3 changes per annum	1-3 changes per annum	1-3 changes per annum	1--3 changes per annum
Stock weight inputs		Sector diversification, Growth vs Income characteristics, Portfolio defensiveness, Portfolio Yield, Market cap/liquidity, Quality and Risk score, Portfolio manager conviction, Portfolio expected return vs expected risk			
Capital protection measures		Quality and value investment process, Portfolio diversification, Defensive stock exposure, Gold equity weighting up to 10%, Cash weighting up to 10%			

Investment Philosophy and Process

Bluebird employs a 'Quality, Value and Momentum' investment philosophy and process. Bluebird has a proven track record of adding value and lowering risk by investing in quality companies, that offer value and have positive momentum. Bluebird avoids quality companies that are expensive and poor-quality companies that are 'cheap'.

About Bluebird Portfolio Services (Bluebird)

Bluebird is a listed portfolio specialist that provides high performing, quality portfolios at a low cost. Bluebird has a small but highly experienced team, with a proven track record of adding value and lowering risk. Bluebird's investment philosophy and process has been developed over the past 20 years (at Bluebird and at major companies, including Lonsec and IOOF).

Disclaimer, Warnings and Disclosures

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