



# January Market Update





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Dear Investor,

As we start 2022, it seems nothing is normal or is it the continuation of the abnormal?

What we do know is most states (except WA) want to get back to the old days of 2019.

If we look to overseas, we are seeing countries emerge from the last few years stronger. Inflation is increasing and central banks are talking about tapering and potential interest rate increases.

We have our portfolio theory to guide us through these times and it is a good reminder of a process and strategy versus news and guessing.

I will focus this on the AAN Core Model as that is our balanced approach.

A handwritten signature in blue ink, appearing to read 'Theo'.

Yours Faithfully,

**Troy Theobald** B.Bus, Dip FS (FP), CFP

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How have the models performed in comparison to some names you may know? We are finding it harder and harder to receive and find up to date returns from some Industry Superannuation Funds. Thankfully, there are still some that are keeping their members informed and up to date. This information is straight off their public website.



## Performance

As at 31 December 2021 (updated monthly)

Account	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.
Accumulation	1.37%	2.26%	10.16%	8.70%	7.81%	7.61%	8.94%
Income	1.63%	2.63%	11.20%	9.73%	8.72%	8.42%	9.94%

Past performance is not a reliable indicator of future performance.<sup>2</sup>



10 YEAR % pa	7 YEAR % pa	5 YEAR % pa	3 YEAR % pa	1 YEAR %	6 MONTH %	3 MONTH %	FYTD RETURN %
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STRUCTURED OPTION as at 31/12/2021								
<b>Balanced</b>	<b>7.57%</b>	<b>6.09%</b>	<b>6.37%</b>	<b>8.00%</b>	<b>9.78%</b>	<b>3.68%</b>	<b>2.08%</b>	<b>3.68%</b>
								<b>COMPARE</b>



Australian Advice Network Portfolio Based Solution Returns										
Portfolio Option	3 Months	6 Months	12 Months	2 Years	3 Years	5 Years	Since Inception	AAN Benchmark	MER (Non-AAN Client)	MER (AAN Client)
AAN Core	2.38%	5.65%	15.07%	13.01%	14.79%	10.43%	10.25%	8.17%	0.48%	0.36%
AAN Index Core	1.97%	3.56%	12.25%	9.17%	12.28%	n/a	9.02%	7.91%	0.30%	0.30%
AAN Growth	3.51%	8.01%	20.84%	16.73%	19.36%	13.14%	12.62%	9.53%	0.52%	0.46%
AAN Sustainable Growth	3.37%	6.97%	19.15%	n/a	n/a	n/a	18.39%		0.40%	0.36%

We can see from this the AAN Core Return for 12 months of 15.07% stands up well against Q Super Balanced of 10.16% and Rest at 9.78%. Longer term over 5 years the AAN Core Return of 10.43% stands up well against Q Super Balanced of 7.81% and Rest Balanced of 6.37%



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We do keep a close eye on both Industry Funds as well as other retail managers and what they are thinking. We have a robust investment team with independents on the committee and subscribe to research houses to provide us with up to date information.

It is a good reminder of how we are performing and also that we need to have the hard work completed already when we head into times of uncertainty.

We see uncertainty as the world emerges from the pandemic and seeks to get back to the way life was back in 2019... We need to accept volatility is part of the investment cycle and work with this and not against it.

Below is the longer term history of the AAN Core (balanced portfolio) versus cash. You can see there is more volatility than cash. You can also see the capital value of \$1 million invested back in 2016 would be worth \$1,725,253 today.

## AAN Core : Shadow (ACS001)

### Portfolio performance

05 Feb 2016 to 13 Jan 2022



#### Movement in value

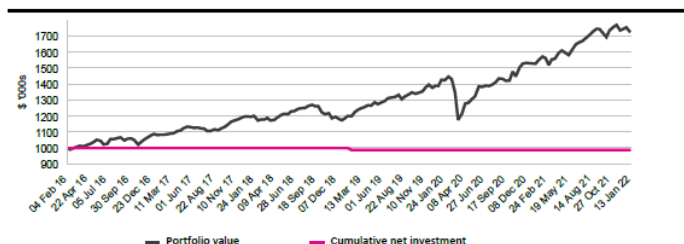
	\$
Starting market value	998,172.76
Net withdrawal	-12,062.10
Realised and unrealised gains/losses	520,512.67
Total income net of foreign tax paid	219,144.03
Total expenses	-
Ending market value	1,725,253.22
Movement in value	727,080.46

#### Portfolio returns

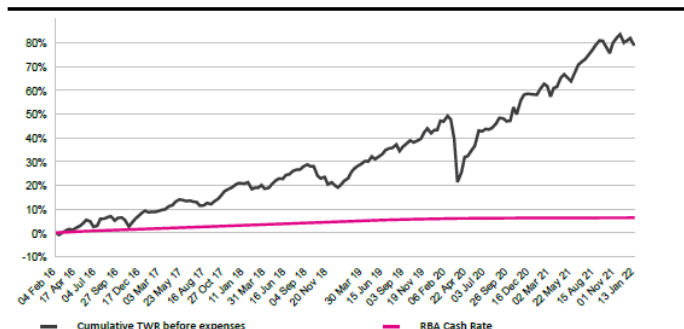
	\$
Realised and unrealised gains/losses	520,512.67
Total income	223,740.43
Franking credits	25,980.19
Total dollar return before expenses	770,233.29
Total expenses	-
Total dollar return after expenses	770,233.29

Periods to 13 Jan 2022	Since inception p.a.
Portfolio return before expenses (TWR)	10.29%
RBA Cash Rate	1.03%

#### Value versus cumulative net investment



#### Returns over time



Below is the returns this financial year for the AAN Core (balanced option). Yes, the value will vary over time but compared to cash this has outperformed even over the shorter term. There is certainly more shorter term volatility this financial year than the previous year.

## AAN Core : Shadow (ACS001)

### Portfolio performance

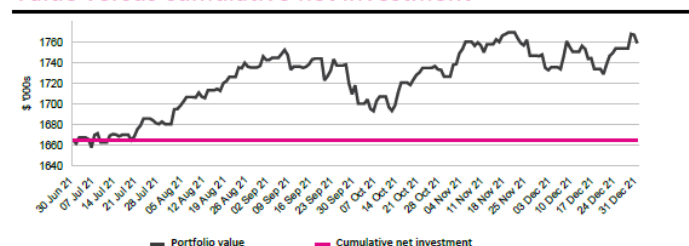
01 Jul 2021 to 31 Dec 2021



#### Movement in value

	\$
Starting market value	1,664,341.85
Net addition	-
Realised and unrealised gains/losses	73,318.11
Total income net of foreign tax paid	20,773.46
Total expenses	-
Ending market value	1,758,431.37
Movement in value	94,089.52

#### Value versus cumulative net investment

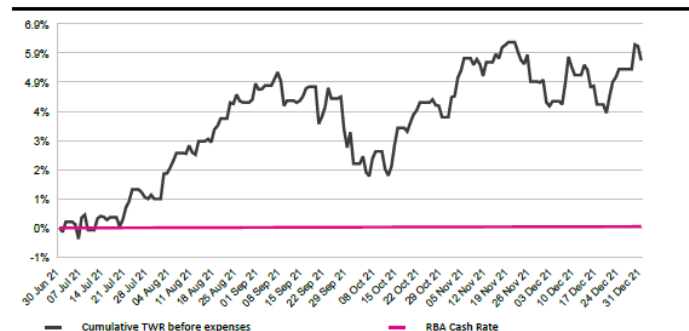


#### Portfolio returns

	\$
Realised and unrealised gains/losses	73,318.11
Total income	21,254.54
Franking credits	1,005.21
Total dollar return before expenses	95,577.86
Total expenses	-
Total dollar return after expenses	95,577.86

Periods to 31 Dec 2021	Since
	01/07/2021
Portfolio return before expenses (TWR)	5.75%
RBA Cash Rate	0.05%

#### Returns over time



The portfolio's inception date for performance calculation purposes is 05 Feb 2016

The AAN Core Model (ACM) is designed as a diversified core portfolio for clients.

The portfolio has a tactical asset allocation of 65% to growth assets and 35% to defensive assets. This type of allocation is suitable for investors with at least a 5-year timeframe. Clients concerned about short-term loss of capital should not invest in growth assets.

The portfolio reweights back to this allocation each quarter. This is to reduce risk. This approach allows us to take profits in positive quarters or buy in negative quarters. We have a maximum weighting of 20% to any individual manager and no more than 2 investment options per manager. We seek to equal weight between Australian and International Shares. We pass 100% of all savings generated through our size back to clients. We have over \$1 billion invested via our models.

There is a lot of uncertainty as we move into the calendar year of 2022 but fundamentally, the world is growing. Interest rates may increase and this could cause some re-rating of prices in growth assets like shares but there is also a solid case for increasing prices based on earnings growth.

We are well positioned for either eventuality but as always please talk to us if you have any concerns.