ISSUE 87

PITCHER PARTNERS

Investment news

An independent investment advisory practice quarterly newsletter

By Kellie Davidson – Partner

There were plenty of reasons to assume that the 2019 financial year was a challenging one for investors. Global growth slowed, trade disputes ebbed and flowed, geo-political conflicts flared, central banks did a U-turn, unexpected election results, royal commissions along with greater volatility in corporate earnings revisions.

However, risk assets continued to perform strongly for the last 12 months, with Australian and unhedged global equities having both delivered double digit gains. Fixed income was the complete wildcard for the year, with Australian and global bonds performing well ahead of most investor expectations. It's quite remarkable given that if we rewound 12 months, we were talking about Quantitative Tightening, expecting higher interest rates both here and in the U.S. Slowing global growth has resulted in the Federal Reserve halting its rate hike cycle while the RBA, after a period of almost 3 years, have now cut rates twice to 1%, our lowest level on record in a bid to reinvigorate the labour market. The yield on the 10Yr Australian Government bond has halved over the year to just 1.3% – remarkable!

Low interest rates have typically been conducive for strong equity market performance. We have included a short note outlining some key implications and views for the local share market going forward.

With regards to the other articles this quarter cover a diverse array of subjects. In addition to our usual overview of the major asset classes, we discuss Brexit, with Alistair Francis highlighting how this is impacting some ASX listed companies. ESG disclosure and reporting continues to gain more and more prominence in discussions between companies and investors so Tina Wilson discusses some key outtakes from the Macquarie conference. Lastly, we provide an overview of private assets and the pros and cons of investing in this space.

Finally, we would also like to congratulate Sue Dahn and Adam Stanley on finishing 1st and 5th respectively in the annual Barron's (The Australian's Business Review *The Deal Magazine*) list of Australia's top 50 financial advisers. It is a fantastic achievement, which we also believe reflects strongly on the hardworking and talented team behind the scenes. However, none of this would be achievable without the privilege and trust placed in us to serve you as our clients.

Financial Markets at 30 June 2019

Indicies	Current Level	3 Months	1 year
ASX 200	6,180.7	9.5%	7.3%
ASX 200 (Acc)	65,101.3	10.9%	12.1%
US S&P 500	2,834.4	13.1%	7.3%
Japan Nikkei	21,205.8	6.0%	-1.2%
UK FTSE 100	7,279.2	8.2%	3.2%
MSCI World	2,107.7	11.9%	2.0%
German Dax	11,526.0	9.2%	-4.7%
French CAC	5,350.5	13.1%	3.5%
HK Hang Seng	29,051.4	12.4%	-3.5%
Shanghai Comp	3,090.8	23.9%	-2.5%
ASX 200 Prop (Acc)	55,730.1	14.8%	26.2%
Global Prop	2,805.5	14.5%	16.2%
Australian Bonds	9,874.9	3.4%	7.2%
International Bonds	1,014.9	2.8%	4.6%
Commodities			
Gold (oz)	1,292.4	0.8%	-2.5%
Oil (Barrel)	60.1	32.4%	-7.4%
Iron Ore (Tonne)	81.1	14.9%	31.9%
Aluminium	1,912.0	3.6%	-4.6%
Copper	6,482.5	8.7%	-3.4%
Lead	2,017.0	-0.2%	-15.8%
CRB Index	183.8	8.2%	-5.9%
Currency			
AUD/USD	0.7096	0.7%	-7.6%
AUD/EUR	0.6326	2.9%	1.5%
AUD/GBP	0.5445	-1.5%	-0.7%
AUD/JPY	78.6670	1.8%	-3.6%
AUD/RMB	4.7586	-1.9%	-1.4%

Source: IRESS, Bloomberg.

July 2019

Low interest rates – what does it mean for your Australian equity portfolio?

By Duncan Niven – Director of Research

With the cash rate having stayed at 1.5% for close to 3 years, the RBA have now shifted into an easing cycle, cutting the cash rate twice in recent months to just 1%. This is now the lowest rate setting on record and has created one of the flattest yield curves in Australian history.

With the market continuing to expect at least another cut before the end of the year, this scenario raises a number of questions regarding Australian equity portfolios, as low interest rate settings are typically a period where shares tend to perform strongly. But given the market is already close to record highs, what should we expect going forward?

We provide some headline discussion points around the main topics below.

Will lower interest rates drive a recovery in the residential property market?

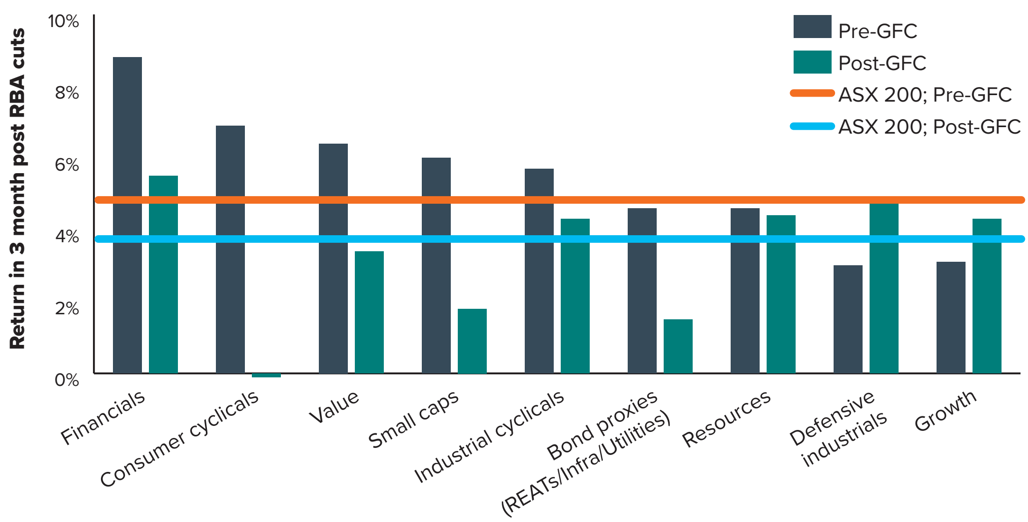
Sentiment has improved and the most recent data released within the last few weeks indicated at least an initial stabilisation of residential property prices in Sydney and Melbourne. It looks challenging to expect much more than this given the current economic climate and already high household debt levels, which are close to 200% of disposable income.

Affordability remains a clear issue within Australia and whilst APRA has relaxed some of its borrowing capacity constraints, indications from the major banks highlighted that only ~20% of borrowers had been borrowing at maximum capacity – so to suggest a flood of new borrowing to support prices in the near term seems unlikely to us. Longer term, the demand/supply equation still looks favourable for property prices given Australia's still robust population growth.

What usually outperforms when the RBA cuts rates?

Prior to the GFC in 2008, you could expect to see both cyclicals and value stocks outperform in a late cycle rally, however we have now witnessed a reversal of this trend over the past 10 years. There has been a far earlier shift toward defensives and also high growth stocks. This could reflect a general lack in investor confidence that low rates are going stimulate sufficient economic activity. It could also point to an increasing demand for secure streams of income and growth.

Performance of sectors and styles in the 3 months post RBA cuts – pre (92–07) and post (09–19) GFC



Source: Goldman Sachs Global Investment Research.

‘Bond-Proxies’ – relative or absolute value?

Bond-Proxy stocks are those which have typically defensive business models, with low earnings volatility and premium cash yields – such as infrastructure and REITS. All of those sectors have rallied substantially in the past 12–18 months due to the falling rate environment.

The dividend yield on ‘Bond-Proxies’ is now close to all-time lows, yet the spread to Australian 10yr bonds is historically wide. What is the stronger signal? There are good reasons to suggest that any further compression in yields will be modest going forward. We expect an absolute floor for yields will emerge as we believe investors will still demand a return premium for bearing equity like risk. We also highlight the growth rates of many of these companies (in aggregate) have declined in recent years (mirroring the broader market) as payout ratios have risen.

How are low rates going to impact the banks?

The negative impacts to Bank margins will likely offset any positives they may enjoy from the reduced risks of lower bad and doubtful debts that may come from a gradual recovery in the property market over time. Regulatory costs are rising, and while Banks trade at a substantial discount to the broader market, the valuation multiples they are currently trading on are at a premium to their own historical averages. Banks do offer premium cash yields currently, however we believe payout ratios could be pressured over the medium to longer term as earnings risks build, in addition to the likelihood they will need to raise more regulatory capital as demanded by APRA.

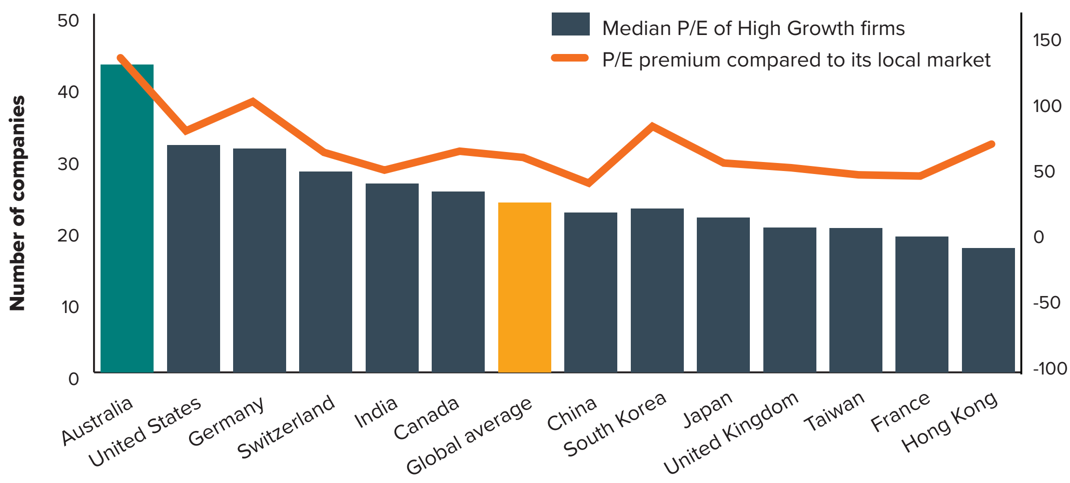
Will lower interest rates drive even more multiple expansion in High Growth stocks?

High growth stocks have enjoyed a significant re-rating in the last 10 years post the GFC. Low interest rates have helped increase the valuation of companies with long term cash flow streams, while genuine above market revenue growth across Australian equities has become increasingly scarce.

Australia is already home to some of the most expensive growth stocks globally. Despite low rates and weak top line growth across the market, it is purely a guessing game to say these companies valuation multiples will continue to expand from here.

High EPS Growth stocks trade at an average P/E of 42x, the highest multiple for growth stocks globally, as well as the largest premium to the local index

12 month forward P/E of stocks forcast to grow by >20% p.a. over FY1 to FY3



Source: Goldman Sachs Global Investment Research, FactSet.

Brexit... an uncertain outlook for ASX listed stocks

By Alistair Francis – Senior Investment Analyst

In a historic referendum on June 23, 2016, the British public voted to leave the political and economic powerhouse that is the European Union (EU). Now three years on and still counting, the Brexit outcome remains just as uncertain as the day the British public cast their vote.

There are a number of ways Brexit could unfold:

1. A soft Brexit typically refers to Britain remaining closely aligned with the EU and leaving with a deal in place, which could see Britain staying in the European single market or customs union (a type of trade bloc where a group of states strike a free trade agreement).
2. A hard Brexit, where Britain will leave with a deal in place but be removed from the single market and customs union.
3. If the above two options do not eventuate such that nothing else is agreed upon and is passed in parliament, it would result in a no-deal Brexit – an extreme form of a hard Brexit and a complete break from the European Union.
4. It is worth noting, an alternative outcome being pushed by some UK politicians is a second Brexit referendum as they believe voters were not given the full picture on what leaving the EU entailed when the British public first voted to leave the union.
5. Potentially yet another path to a resolution could involve an early general election given the additional uncertainty created with the recent resignation of Theresa May as leader of the Conservative party and as Prime Minister of the U.K.

So, what could all this mean for Australian investors?

To date, the global markets overall (including the UK equity market) have largely taken all the twists and turns of the Brexit negotiations in its stride. However, a number of ASX stocks with UK/European exposures have formally announced profit warnings over the past 12 months citing the on-going Brexit uncertainty impacting their businesses e.g. Link, Janus Henderson, Pendal, Unibail-Rodamco-Westfield, Reliance Worldwide and CYBG.

Consumers, corporates and investors loath uncertainty and the Brexit dilemma is one of many global issues that they are all contending with. This long list of issues also includes trade wars, US-Iran tensions, populist agitation in Europe, Hong Kong and Latin America along with global growth slowing despite record-low interest rates.

The recent market performance of those stocks that have experienced a formal profit warning has been savage as the investment analysts not only downgrade the profit outlook but also take the opportunity to de-rate the stock on the back of the ongoing uncertainty of the ultimate Brexit outcome.

The following stocks have all recently sited in their ASX releases the damaging impact of the stalled Brexit outcome:

Link Administration Holdings (ASX: LNK) has substantial operations in the UK via its Link Asset Services (LAS) division. LAS is comprised of three businesses which offers fund administration services, outsourced loan servicing to banks along with registry and share plans to listed companies in the UK & Ireland.

Janus Henderson Group (ASX: JHG) is a global funds management business that operates Henderson funds management in the U.K. which has significant leverage to UK and European equities.

Pendal Group (ASX: PDL) is a global funds management business that operates J.O. Hambro Capital Management (JOHCM) in the U.K. which has significant leverage to UK and European equities.

Unibail-Rodamco-Westfield (ASX: URW) is a global retail shopping centre owner and operator which has ~8% of the portfolio exposed to the UK. In addition, URW has ~15% currently of its development pipeline also located in the U.K.

Reliance Worldwide Corp (ASX: RWC) is the world's largest manufacturer of push-to-connect (PTC) plumbing fittings, which connect pipes using a rapid push-on connection mechanism. Recently RWC acquired John Guest, a UK/Europe based global manufacturer of plastic PTC products whose largest exposure is to the UK/European market.

CYBG PLC (ASX: CYB) is a mid-sized Retail and SME banking group with 100% exposure to the UK economy. The group's heritage was in Scotland, northern England and the Midlands but recently merged with Virgin Money which saw it gain a greater presence in South East England and London.

ASX companies with significant UK exposure and recent total return		
Company	**UK share of FY 2018 revenues**	**Total return**
Link Administration Holdings Ltd	33.7%	-22.3%
Janus Henderson Group PLC	28.2%	-21.8%
Pendal Group Ltd	72.4%	-23.4%
Unibail-Rodamco-Westfield	4.7%	-23.0%
Reliance Worldwide Corp Ltd	27.4%^	-33.4%
CYBG PLC	100.0%	-35.7%
QBE Insurance Group Ltd	31.4%*	28.5%
Macquarie Group Ltd	27.1%*	8.3%
Computershare Ltd	21.2%*	-5.6%
Ansell Ltd	36.9%*	1.8%
S&P/ASX 200 Total Return Index	–	12.1%

Source: Bloomberg, company reports. Total return period of 1 July 18 to 30 June 19.

* Combined UK and Europe revenues.

^ EMEA revenues.

Crucially for the UK itself, this uncertainty will mean that business decisions are deferred and investment delayed. This may result in many firms deciding to take their operations elsewhere. Of major concern, the Bank of England has suggested that Brexit will stoke inflation and raise unemployment, potentially tipping the UK into recession.

Whatever happens, the final Brexit outcome looks set to go down to the wire, which makes for an uncertain outlook for those listed ASX stocks with UK/European exposure. What can be forecast however with a bit more confidence, is that these stocks will face further share price volatility until a full resolution of Brexit is achieved.

Private assets – an introduction

By Duncan Niven – Director of Research

With many asset classes now experiencing higher volatility than recent years and some exhibiting premium valuations, many investors are now shifting attention to alternatives and in particular, private assets, as a way to still achieve premium returns, but without the greater day to day market gyrations on their portfolio values.

Historically, investing in private unlisted assets as such companies, infrastructure, real estate and debt, have been the domain of large institutional investors such as sovereign wealth funds, insurance companies, pension/superannuation funds and endowments.

Whilst property has generally been a mainstay of many local investors portfolios, access to other private opportunities has been limited due to some material barriers to entry – namely, the large minimum investment sizes to access these specialist funds, lack of accessibility, limited liquidity, high complexity and in certain cases, elevated levels of investment risk.

However, recent product innovation, greater investor demand, enhanced technology and a more competitive landscape has now resulted in many of these obstacles being overcome. Individual investors in Australia are now increasingly being able to access some of the best in class managers globally in the private asset arena.

What are private assets?

Let's start with a brief overview of what private assets actually are. These are assets that are generally not publicly traded through mechanisms such as stock exchanges and can be either equity or debt. Fund managers that operate in this space typically take a majority stake or full ownership of the asset, usually taking a far more hands on approach in order to create value in the investment. The investments cover a wide array of different industries and geographies, far more diverse than listed equity markets for example.

Equity	Debt
Private equity	Direct/SME lending
Infrastructure equity	Infrastructure debt
Real estate equity	Real estate debt

Equity

Along with direct real estate (office, industrial, residential), private equity is perhaps the most commonly known sector within private assets. This includes strategies such as equity buyouts (M&A), growth capital (venture capital or providing equity funding for mature businesses), turnarounds, co-investment and secondary trading. Infrastructure, such as airports, utilities, pipelines, tollroads and transmission networks, have also been a very popular theme for institutional investors for years, due to their generally secure cashflow streams and monopolistic characteristics.

Debt

On the debt side of the ledger, this effectively covers the non-bank lending markets. Whilst both Europe and the U.S are relatively mature, there has been a growing interest in this sector, especially so in Australia where banks still hold a substantial level of control (~85%) of the lending market. Typical structures include direct loans or high yield securities in bilateral agreement (a single lender lends directly to a borrower) or club deal (small group of lenders) syndicates. The borrowers will typically be sub-investment grade or unrated by major credit rating agencies, can be senior or junior debt, fixed or floating rate. This sector has grown considerably due to the low interest rate environments globally, with investors attracted to the higher yields on offer due to their perceived higher levels of credit risk and lower liquidity. Infrastructure debt is a highly sought after niche market, especially in Australia as the security backing the assets is generally of very high credit quality. Real estate debt, particularly through 1st Mortgage and Mezzanine funding for land development or construction projects has seen a rapid rise in demand in Australia from both local and offshore investors due to the higher rates of return on offer.

While the perception of these investment markets can be that they are niche and opaque, the reality is that the markets themselves are far bigger than traditional equity markets or bond benchmarks. By way of insight from Preqin (leading private assets research group) and MSCI, the size of the Private equity industry is estimated to be ~US$3.0tn, professionally managed global Real Estate assets are US$7tn and the Infrastructure sector witnessed US$650bn in transactions alone in the last calendar year. Just compare that to the A$1.9tn market capitalsation of the ASX200!

What are the advantages of investing in private assets?

Investing in private assets can offer a number of advantages to investors;

Superior return potential over public markets

In contrast to public market investing which tends to focus on potential future insights into a company, asset or market segment, private market fund managers actively work with management teams to try to increase the value of their investments and create returns. When combined with some financial leverage, the top quartile of private equity managers have consistently beat the returns of public equity markets. Partners Group, one of our preferred private asset managers, calculated that across all the deals it has been involved with over the last 20 years, they have delivered outperformance of 7.5% p.a over the MSCI World Index and 5.2% ahead of its private equity universe.

Potential risk reduction

Many of these types of products tend to be valued less frequently than public market products, which creates an artificially lower level of volatility in returns. However, it is important to stress that this also helps buttress the value of the private assets against short term market sentiment/momentum trading of listed markets. In addition, private markets are far more diverse than public markets in terms of sector, geography and structure, which when combined in a portfolio with public market investments, helps to lower overall portfolio volatility.

What are the risks?

All investments carry risk, however private assets do carry some elevated and very specific risks which are critical to factor in when making any investment decision.

Illiquidity

Time is needed to facilitate a private transaction and also deliver any requisite operational or financial management improvement in order to generate an optimal return on investment. Most private equity strategies will generally range from 5–10+yrs depending on whether it's a turnaround or growth capital to take a stock to an IPO, or longer if you are backing a venture capital or infrastructure fund. Private debt is more straight forward with loan tenors generally ranging from 1–3 years, but maturities can be longer term for infrastructure debt.

Leverage

The use of leverage is quite common within this sector. Combining leverage with illiquid assets presents a range of risks to investors. Used correctly, it can help magnify investment performance, assist in diversifying the portfolio further and reduce concentration risk. If the asset which holds the leverage underperforms, it can result in forced selling, expensive refinancing and weak performance outcomes.

Variability in performance

Given such a diverse array of investment opportunities, performance can vary substantially between the very best and the worst managers in this group, so doing thorough due diligence on the right people and products is critical to achieve success in this sector.

Not immune from market/economic cycles

Despite the long term nature of these assets, performance is also susceptible to economic and market conditions. Often referred to as a 'Vintage', there are certain years where private equity transactions did very well (usually just after a recession/downturn) and years where they have struggled (usually in ebullient market environments where valuations, risk taking and supply of capital are high – such as 2006). Due to the illiquid nature of these vehicles, fund managers are not as flexible as their listed peers in being able to sell out of poorer performing assets so it pays to be wary of vintage risk. Interestingly, Cambridge Associates, a leading global private equity research firm, highlighted the worst peak to tough drawdown in its U.S buyout index over the last 15 years was -30% (listed public equities was -50%).

Concentration

Depending on the type of investment strategy, most private asset funds tend to be more concentrated than public strategies for a number of reasons. 1) Transaction sizes are generally much higher and 2) usually each asset is managed in a much more hands on fashion than say a passive listed equity investor, so there is a limit to how many assets an investment team can manage effectively. Concentration of investment positions can therefore ensure a greater spread of return outcomes for investors, which reinforces the need for appropriate diversification in this space.

Summary – the opportunity

Recent product innovation from managers such as Partners Group, Hamilton Lane and Metrics Credit Partners are helping to overcome the historical barriers to entry to this sector that individual investors have faced in the past.

Private assets can offer a potentially superior return while reducing the overall level of volatility in your portfolio. However, a critical understanding of the risks of each product along with diversification is crucial to achieving these outcomes.

Investors driving the ESG movement

By Tina Wilson – Senior Investment Analyst

The increasing emphasis of ESG (environmental, social and governance) principles in equity investing is nothing new. Figures released from Rainmaker Information in June this year suggest Australians are flocking to ESG options, making Australia the fourth most-active country for ESG investment awareness, with $30 billion in assets now invested in ESG options, up 37 per cent on last year.

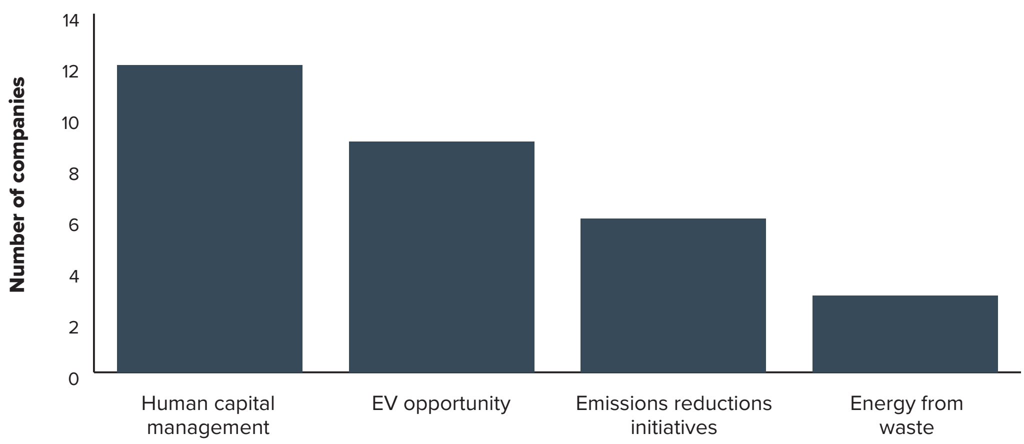
The Macquarie Conference is the biggest annual conference in Australian Equities, bringing together both companies and investors. This year, the event was held in May with 105 companies and over 700 investors attending. The event provided a unique insight into the ESG factors being discussed by senior management with investors.

The key ESG themes discussed during the conference by company management

1. The importance of human capital management
2. The Electric Vehicle (EV) opportunity
3. Emissions reductions initiatives
4. Energy from waste

The chart below shows the number of companies discussing various ESG themes at the Macquarie Conference:

Number of companies discussing various ESG themes



Source: Macquarie Report 7 May 2019.

1 ***Human capital management***

The importance of human capital management was highlighted by over 10 companies, with an emphasis on culture and employee engagement as being critical to a company's financial success. Companies discussed the importance of attracting and retaining talent, having employee engagement measures as a key KPI and a focus on getting the right culture, especially with acquisition integrations.

2 ***The EV opportunity***

Several companies highlighted the opportunities from EV uptake. Companies discussed the medium-term increase in electricity demand driven by EVs, the impact of EVs and autonomous cars on toll roads. And miners with lithium, cobalt and nickel exposure also talked about how they would benefit from the switch to EVs.

3 ***Emissions reduction initiatives***

Corporates discussed how they were shifting to renewable power generation to meet their energy needs. They also talked about how new equipment and processes are reducing emissions.

4 ***Energy from waste***

A number of companies discussed the opportunity within the Energy from Waste space. Energy from Waste can play an important role in resource recovery: providing an opportunity to extract value from residual waste and the increasing diversion of waste from landfill.

Conclusion

More and more companies are realising that the ESG movement is not going away. Investors and asset owners, shareholders, management, Boards and the broader community have been driving this push; with the Reserve Bank and the superannuation regulator also having the same view. We will continue to monitor how companies are responding to this trend.

The Pitch Report

by Investment Strategy Committee

The Investment Strategy Committee is composed of senior advisers and our research team with the purpose of framing the near to medium term investment outlook. We have summarised the views of the committee below.

Defensive Assets	
Cash	We retain our overweight stance. Cash provides the portfolio with an ability to preserve capital whilst retaining flexibility to take advantage of any short term tactical opportunities if they arise.
Fixed Interest	The RBA has shifted to an easing bias, with the economy having slowed considerably over the past 6 months. Without stronger fiscal policy support, the probability exists for 1–2 further cuts over the coming 12 months should employment conditions not tighten further from current levels. The deceleration in economic growth has prompted investors to create one of the flattest term structures on record, with very little yield compensation for longer dated maturities. We still remain underweight rate duration, but note there could be further curve volatility over the short term until a new equilibrium between the RBA and the market is established. We like credit, however the current capital adequacy review by APRA may lead to some valuation adjustments in the sector. The primary market still remains well bid. We still favour floating rate over fixed over the medium to long term. In turning our attention to overseas, the Federal Reserve has signalled a likely pause in its tightening cycle for 2019, however recent softness in inflation has raised the possibility of rate cut(s) between now and the end of the year. Slowing global growth is also likely to ensure the retention of accommodative monetary policy for Europe, Japan and China. Supported by strong investment flows, investment grade and high yield credit spreads remain tight but we believe can still provide selective opportunities for skilled fund managers. We continue to expect further yield curve volatility as sentiment towards global growth oscillates.
Growth Assets	
Australian Equity	We remain cautious toward Australian equities ahead of the upcoming reporting season. Some company profits may well reflect the slowing in the economy we have witnessed over the last 6 months or so, which post the federal election, has prompted a rush of both fiscal and monetary policy to combat the slowdown. Domestic cyclicals could well be a short term beneficiary of this policy stance, however it's too early to judge whether this will arrest the slide in housing, consumption and business investment. Bank profit margins are likely to remain under pressure due to a flattening of the yield curve and ongoing wealth management remediation efforts. The wide valuation dispersion between cyclicals and high growth stocks should provide alpha opportunities for active managers, while the share prices of bond proxy stocks may well stabilise given the recent sharp decline in yields.

Growth Assets (continued)	
International Equities	Global economic activity appears to have peaked but is still positive. Valuation support has moderated in markets such as the U.S post the sharp rebound since December, however corporate profitability remains attractive – but becoming increasingly more selective. We believe recent weakness in European economic activity is hard to reconcile with still quite optimistic earnings expectations. Trade tensions continue to ebb and flow between the U.S and China, while the focus may well shift toward Japan, South Korea and most notably Europe and its Auto sector later in the year. Political risk remains omnipresent, with the Trump administration maintaining its protectionist and at times antagonistic agenda. China remains committed to supporting its economy through a raft of recent stimulus measures. Emerging market performance likely to remain highly sensitive toward the direction of the $U.S, Fed rate cycle and geopolitical relations.
Property	We maintain a preference for listed REITS over unlisted due to superior liquidity, however, supply and demand across office and industrial markets remain attractive, particularly across Sydney and Melbourne. We remain wary around lower quality retail and residential exposed investments at this point in the cycle, as well as those companies trading on higher valuation multiples priced on more cyclical earning streams. G-REIT valuations are full but arguably justifiable given the current market cycle and most major central banks in 'pause' or 'easing' modes. We continue to seek complementary offshore exposures when blending alongside local property investments – given the deeper and broader construct of G-REIT markets. Clear preference for active over passive and listed over unlisted. Any bouts of volatility may present selective opportunities for investors to gradually rebuild an exposure to this sector.
Alternatives	Overweight alternatives. With volatility likely to remain above recent lows, preference exists for strategies that are truly uncorrelated with traditional asset classes, ideally via directional (long/short), real asset (private equity, infrastructure) or genuine absolute return products.

This is our high level view, and we recommend clients speak to their advisers as to how this may guide or impact your individual investment portfolio.

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