

# Oakleigh 18.6 Strategic Investment Portfolio

## Quarterly Report – June 2022



### Investment Objective and Strategy

The Oakleigh 18.6 Strategic Investment Portfolio (18.6 SIP) is an investment solution tailored to a philosophy driven by the long-term cyclical real estate and banking cycle.

The Portfolio aims to generate returns in excess of the MSCI World Index over rolling 5-year periods through a managed portfolio of Australian and international securities.

Performance	Portfolio Return <sup>1</sup>	MSCI Index Return <sup>2</sup>	Relative Return	Average Portfolio Cash Holdings
3 Months	-8.8%	-16.2%	+7.4%	37%
12 Months	-6.3%	-14.3%	+8.0%	31%
Since Inception (Annualised) <sup>3</sup>	+2.0%	-3.6%	+5.6%	33%

*Past performance is not a reliable indicator of future performance.*

## Real Estate & Banking Cycle Stage

### Early Second Half Expansion

As the cycle transitions out of the 'Mid Cycle Slowdown' and into the 'Second Half Expansion', the Portfolio continues to hold a moderate cash position to preserve capital against further weakness in equity markets.

## Quarterly Commentary

The June quarter saw an escalation of downwards momentum that began in early 2022. Market weakness built into June, where markets began to show signs of capitulation, falling nearly 10% during the month.

The Portfolio was not immune from the selling and finished the quarter -8.8%, against our Benchmark, the MSCI World Index, which fell a heavy -16.2%.

Whilst we are satisfied with the relative performance of the Portfolio, we have been disappointed with the performance of our Banking and Property securities which impacted overall performance during the quarter.

Property and banking shares experienced material selling pressure as the market extrapolated central banks aggressive interest rate hikes will unhinge the property market and by extension the banking sector.

Our view is that the current interest rate rise backdrop will create a broad pause in property (from arguably unsustainable gains seen the last two years) and should not materially effect bank cash earnings or commercial property valuations (as is being indicated by share price behaviour). This pause may provide the setup for the second half and blow-off phases of the cycle, yet to come.

Thus, we have not materially adjusted our exposure to either sector, but to recognize that the Portfolio's positions in Banking and Property may have been premature and could take time to bear fruit .

The Portfolio used the broad market weakness to exit a number of weak holdings early in the quarter. Whilst we don't like exiting losing positions, many of these holdings traded materially lower after they were sold.

In the second half of June the Portfolio added to some legacy holdings, including:

- Elders (ELD) and Ridley (RIC), both Agriculture related businesses.
- Austin Engineering (ANG); mining services
- Allkem (AKE); mining & processing (lithium)
- Furthermore, we repurchased (around \$4) the South32 (S32) shares sold in March at >\$5.

08 8470 9060

invest@oakleighim.com

Adelaide, South Australia

[oakleighfinancial.com/oim](https://oakleighfinancial.com/oim)

## Portfolio Details

### Investment Objective:

Returns In excess of Benchmark

### Benchmark:

MSCI World Index

### Minimum Investment:

\$50,000

### Management Fee:

0.95%

### Performance Fee:

Nil

### Investments:

Australian shares and listed property, International shares (via Exchange Traded Funds (ETF's) and managed investments)

### Indicative Number of Holdings:

15-30

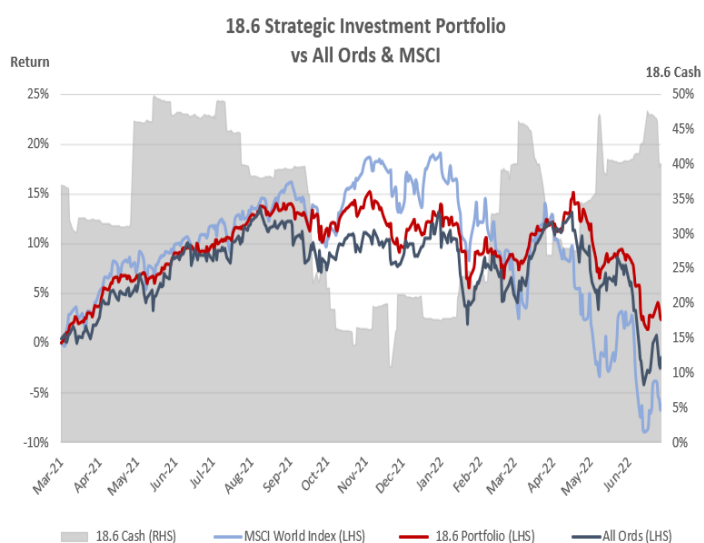
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

## Performance



Source: Iress and IPS. Past performance is not a reliable indicator of future performance.

## Top Performers

Viva Energy (VEA)	+20%
Ridley Corp (RIC)	+8%
Western Areas (WSA)	+7%
Cash	+0%

*"Top Performers" - Total Returns (stock price gains plus distributions) over the duration of quarter or for the period the stock position was held by the Portfolio during the last quarter.*

## Top Holdings

\$A Cash	40.0%
Viva Energy Group (VEA)	6.1%
Commonwealth Bank (CBA)	4.9%
Ridley Corp (RIC)	4.5%
Elders (ELD)	4.5%

## About the Portfolio Manager

Oakleigh Investment Management Pty Limited is the Portfolio Manager of several investment portfolios, including the Oakleigh 18.6 Strategic Investment Portfolio. Oakleigh Investment Management is part of the Oakleigh Financial Services group, an Adelaide based, boutique financial services business with advisers who have been providing financial solutions to small business owners, families and high-net-worth clients since 2004. The group specialise in portfolio construction, asset allocation and investment management with a focus on equities.

Oakleigh Investment Management is advised by the experienced investment professionals that comprise its Investment Committee. The 18.6 Strategic Investment Portfolio is advised by Phil Anderson and Akhil Patel as specialists in the field of real estate and stock market cycles.

### Performance

1. Performance is calculated before the Management Fees (but inclusive of indirect investment management fees). Assumes reinvestment of distributions and franking credits. Returns over periods longer than 12 months are annualised.
2. Based the MSCI World Index.
3. Inception Date 5<sup>th</sup> March 2021 (closing prices).

Past performance is not a reliable indicator of future performance. Oakleigh Investment Management does not guarantee the performance of the Oakleigh 18.6 Strategic Investment Portfolio.

### Important information

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Performance data provided is before fees and is sourced from Iress Portfolio System (IPS). Iress, a listed Australian technology company, is used by more than 9,000 businesses and 500,000 globally.

The commentary reflects Oakleigh Investment Management's views and beliefs at the time of preparation which are subject to change without notice. The information is provided in good faith. No representations or warranties are made by Oakleigh Investment Management as to its accuracy and reliability. To the extent permitted by law, no liability is accepted by Oakleigh Investment Management for any loss or damage as a result of any reliance on this information.

The disclosure document for the Oakleigh Strategic Investment Portfolio ('Portfolio') can be obtained at [macquarie.com.au/investing/macquarie-wrap](http://macquarie.com.au/investing/macquarie-wrap). For more information on services provided by the Oakleigh Financial Services group refer to the Financial Services Guide (FSG) at [oakleighfinancial.com/tcs](http://oakleighfinancial.com/tcs).



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