

# Oakleigh 18.6 Strategic Investment Portfolio

## Quarterly Report – 2Q 2023



### 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 global share market over a 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	Ave Cash Holdings
Since Inception (per annum)	+3.4%pa	+5.5%pa	-2.1%pa	27%
Since Inception (absolute)	+8.0%	+12.9%	-4.9%	19%
1 Year	+5.2%	+18.5%	-13.3%	6%
3 Months	-2.9%	+6.8%	-9.7%	

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

## Real Estate & Banking Cycle Stage

### Second Half Expansion

As the cycle moves into 'Second Half Expansion' phase, the Portfolio is holding low cash, positioning in growth assets aiming to capture potential gains.

### Quarterly Commentary

We stated in the last two quarterly newsletters that *"Looking ahead we see possible continued/renewed volatility over ... 2023, but view any share market weakness as a potential buying opportunity."*

The Portfolio's insignificant exposure to US mega cap technology stocks (i.e the "Magnificent 7") caused a material underperformance against the benchmark (which is heavily weighted to US tech) during the quarter.

Our largest holding, Betashares Geared US Equity Fund Hedged (GGUS), +19% for the quarter, is the only holding exposed to US tech, but the holding wasn't enough to offset weakness elsewhere.

Exposures to Australia (resources and bank sectors) weighed, as fears mounted the central bank/s will continue to relentlessly raise rates (in particular the RBA) in the face of clearly flagging (and also lagging) inflation data.

Yet we see signals everywhere that confirms we are in the more aggressive expansion phase of the Cycle; unexpected property price gains in the face of massive interest rate rises, government intervention in property markets everywhere to try ease affordability (these almost always support demand inflation and make the problem worse), strong share price performance of US homebuilders, more 'biggest, tallest, most expensive' projects being announced, banks globally easing serviceability buffers and extending loan terms to make credit more affordable (we are hearing of 35-40 year mortgages in Australia now).

Our ongoing view is that 2023 continues to be a transition year and that it remains highly likely that the typical outperforming sectors in the Second Half Expansion (that we are exposed to) will begin to shine once some of the current risks are dealt with. Lookout for - signals Central Banks hiking cycles are over (we think the signs are there now, any more raises are irrational) and a move by China to stimulate its economy via capital works, which has been largely elusive year-to-date.

Interestingly, Akhil Patel's work on commodity cycles has been forecasting a commodity price low sometime in 2023, which we think aligns well with our expectations for the resources sector and our current portfolio positioning over next few years.

Overall, the Portfolio finished the quarter with only 5% cash and is expected to remain largely fully invested for the next few years.

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## 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

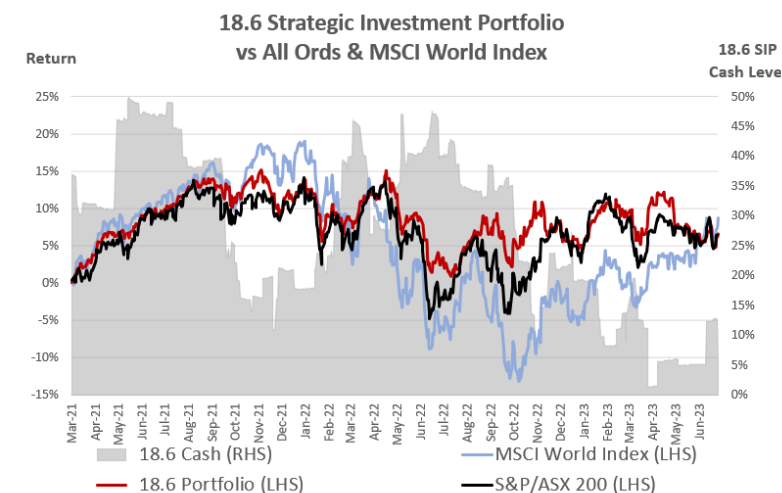
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

## Performance



Performance of 18.6 Strategic Investment Portfolio is net of indirect investment management fees but before the portfolio management fee. It assumes reinvestment of distributions and includes franking credits. Past performance is not a reliable indicator of future performance. Source: Iress, IPS & Oakleigh Investment Management

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## Top Performers

Betashares Geared US Equity Fund (Hedged) (GGUS)	+19%
Virgin Money (VUK)	+9%
Betashares S&P500 Equal Weight (QUS)	+6%
Iluka Resources (ILU)	+4%
Steadfast Group (SDF)	+3%

## Top Holdings

Betashares Geared US Equity Fund (Hedged) (GGUS)	8.1%
Betashares S&P500 Equal Weight (QUS)	7.4%
Telstra Group (TLS)	7.4%
Commonwealth Bank (CBA)	7.3%
Steadfast Group (SDF)	6.7%

### About the Portfolio Manager

Oakleigh Investment Management Pty Ltd (Oakleigh Investment Management) 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).

Performance data provided is sourced from Iress Portfolio System (IPS).

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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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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