

# Oakleigh 18.6 Strategic Investment Portfolio

## Quarterly Report – Q3 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                                  | +0.7%                         | -6.2%                          | +6.9%           | 37%                             |
| 1 Year                                    | -7.5%                         | -19.6%                         | +12.1%          | 31%                             |
| Since Inception (Annualised) <sup>3</sup> | +2.1%                         | -6.7%                          | +8.8%           | 34%                             |

*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 third quarter was a tale of two halves. The first half saw a strong relief rally across all global markets that ended in the middle of August. By the end of September most major markets were trading below where they started July.

The Portfolio had some stocks that performed very well in the quarter, including Austin Engineering (ANG) +40%, Allkem (AKE) +31% and Ridley Corp (RIC) +14%. Yet the general market weakness was enough to neutralise gains overall to a modest +0.7%.

This nonetheless significantly exceeded the Portfolio Benchmark, the MSCI World Index, which fell a heavy -6.2% during the quarter.

Whilst we are satisfied with the relative performance of the Portfolio over the quarter, we continue to be less than satisfied with the limited absolute returns that have been achieved due to the significant headwinds in global markets.

During the quarter, central banks continued their aggressive interest rate hiking campaign causing renewed pressure on the property sector. It is our view that central banks have acted way behind the curve with the rate rise cycle. While 'behind the curve' is entirely normal, we feel the aggressive double/ triple/ quadruple hikes will prove to be too much, too soon, & may require a policy reversal.

The Portfolio continues to hold high cash levels (35%) for capital preservation purposes.

While we see value and opportunities emerging, we have been hesitant to 'fight the Fed' and position the portfolio more aggressively while the US Fed and other central banks aggressively raise rates / roll off Quantitative Easing (QE).

Yet we see a central bank pivot as becoming more likely / getting closer, which will likely coincide with a low in markets.

Until this occurs, we will only add stocks opportunistically.

If/when central banks do start to pivot from hawkish to dovish and markets start to indicate a low is in place, then is expected the Portfolio cash levels will drop materially.

The RBA lowering its rate rises from 50bp to 25bp unexpectedly early October *could* be the first sign of a change - note the market behavior when it did.

Therefore, it is quite possible Portfolio cash levels will drop materially this quarter.

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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

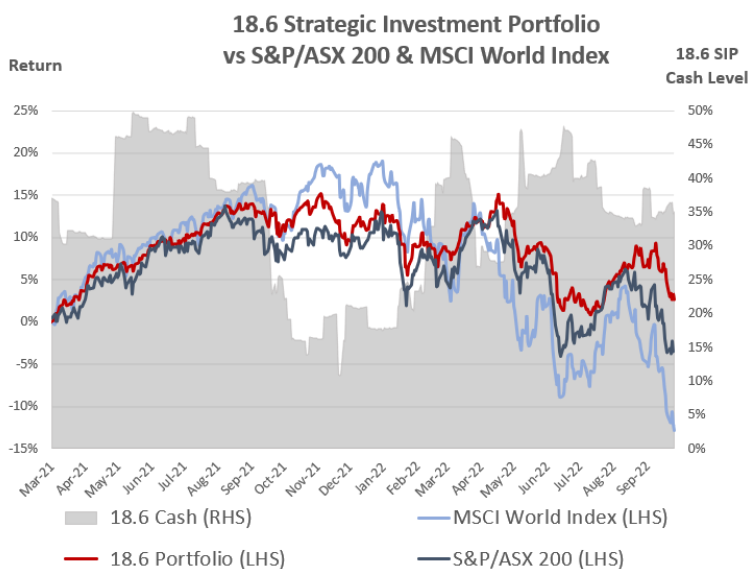
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

## Performance



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

## Top Performers

|                               |      |
|-------------------------------|------|
| Austin Engineering (ANG)      | +40% |
| Allkem (AKE)                  | +31% |
| Ridley Corp (RIC)             | +14% |
| VanEck Property ETF (MVA)     | +6%  |
| National Australia Bank (NAB) | +5%  |

*'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                 | 35.0% |
| Allkem (AKE)             | 6.1%  |
| Ridley Corp (RIC)        | 5.7%  |
| Austin Engineering (ANG) | 5.5%  |
| Viva Energy (VEA)        | 5.5%  |

## 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.

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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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