

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 period through a managed portfolio of Australian and international securities.

Performance	Portfolio Return ¹	MSCI Index Return ²	Relative Return	Ave Cash Holdings
Since Inception (per annum)	+3.1%pa	+3.4%pa	-0.3%pa	25%
Since Inception (absolute)	+7.9%	+9.0%	-1.1%	11%
1 Year	+4.3%	+22.0%	-17.7%	3%
3 Months	-0.1%	-3.5%	+3.4%	

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

Ongoing volatility has been accurate, with it looking increasingly likely the share market will round out the year broadly flat (Australia) to mildly higher (USA), giving investors many ups and downs in between.

It remains to be seen whether buying the dips in 2023 will prove to be opportunistic. The 18.6 Strategic Investment Portfolio is now positioned for growth in to 2024 and 2025.

2023 appears to be a transition year, from a bearish 2022 into what we expect to be a more bullish 2024 and beyond. This year has been especially dull in Australia which has large exposures to interest rate sensitive sectors (property and infrastructure) and very low exposure to mega-tech stocks which have almost entirely driven all the global market gains.

Most of the sharemarket sell-off periods this year have been associated with heightened angst around interest rate rises and the prospect of further ongoing hikes. While we do understand the broad concern (given we think rates are possibly too high), we must remember the backdrop. Inflation is trending lower, so if we do see further interest rate rises from here you can only blame the resilient, or dare we say it, *strong*, US economy.

The saying 'When the US sneezes, the world catches a cold' can be reversed. If the US economy is strong, so goes the rest of the world.

Against the mainstream narrative of inflation driving US yield higher (broadly the scapegoat of recent Sharemarket weakness), we think the better argument around recent higher bond yields is because bond investors are starting to price a stronger-for-longer US economy.

This is exactly what we would expect to be seeing as the second half of the Real Estate and Banking Cycle gets into gear.

Overall, the Portfolio finished the quarter with only 1% 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

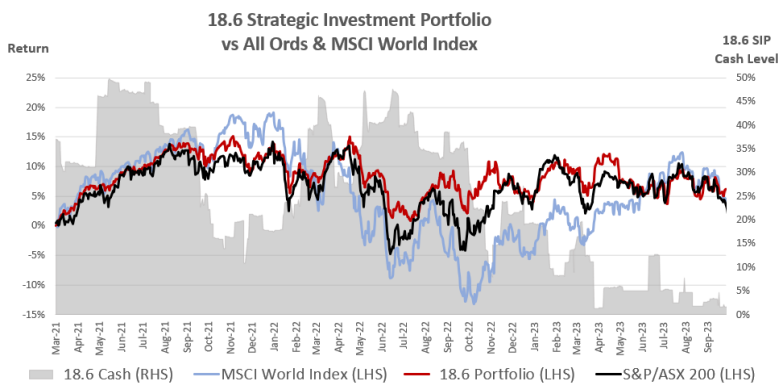
Suggested investment timeframe:

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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Long Term Asset Allocation Outlook

Phase	Moderate Expansion	Mid-Cycle Recession	Strong Expansion	Bust/Deep Recession
Duration	5-7 Years	1-2 Years	5-7 Years	4 Years
Asset Class Tilts	Overweight Growth	Underweight Growth	<u>Overweight Growth</u>	<u>Heavily Underweight Growth</u>
		2020 - 2022	2023 - 2026/27	2027 - 2031

The chart reflects Oakleigh Investment Management's views and beliefs at the time of preparation which are subject to change without notice.

Performance

- 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.
- Based the MSCI World Index.
- Inception Date 5th 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

This Report is issued by Oakleigh Investment Management Pty Ltd ABN 59 640 392 516, Authorised Representative 1285 526 of Oakleigh Financial Services Pty Ltd AFSL 501454. The information provided in this Report is general in nature and does not take account of your specific needs or circumstances. You should consider your personal situation and seek professional advice before making any financial decisions.

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. For more information on services provided by the Oakleigh Financial Services group refer to the Financial Services Guide (FSG) at oakleighfinancial.com/tcs.

Top Performers

Boss Energy (BOE)	+47%
Seven Group Holdings (SVW)	+28%
Virgin Money (VUK)	+11%
National Australia Bank (NAB)	+10%
Wesfarmers (WES)	+10%

Top Holdings

Betashares Geared US Equity Fund (Hedged) (GGUS)	7.6%
Commonwealth Bank (CBA)	7.3%
Betashares S&P500 Equal Weight (QUS)	7.2%
National Australia Bank (NAB)	6.8%
Wesfarmers (WES)	6.6%

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.



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Investment
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