

Oakleigh Flagship Equities Portfolio

Quarterly Report – 2Q 2023



Investment Objective and Strategy:

The Oakleigh Flagship Equities Portfolio aims to generate returns in excess of CPI + 5% over rolling 5-year periods through a managed portfolio of Australian and international securities.

Stock selection focuses on growth and value securities with emphasis on companies that have a sustainable competitive advantage or business model with monopolistic traits, high sustainable cash flow generation or structural tailwinds.

Performance	Portfolio Return ¹	CPI +5% Target ²	Excess Return
Since Inception (per annum)	+11.0% pa	+10.5% pa	+0.5% pa
	Portfolio Return ¹	All Ords Index	Excess Return
Since Inception (per annum)	+11.0% pa	+5.6% pa	+5.4% pa
Since Inception (absolute)	+30.2%	+15.4%	+14.8%
1 Year	+7.7%	+9.7%	-2.0%
3 Months	-1.4%	-0.4%	-1.0%

Past performance is not a reliable indicator of future performance³.

Commentary

The June quarter was mixed with the market in Australia going nowhere, in a hurry. Things were different in the US, where a handful of Mega-Cap Technology stocks dragged the broader US markets higher.

The Portfolio's largest holding VanEck MSCI World Ex Aus Quality Hedged ETF (QHAL) was a beneficiary of the US market strength, but most of the remainder of our holdings churned sideways through the quarter alongside most of the Australian market.

The subdued markets is largely due to the RBA raising rates again in May and June, given the rapidly decelerating (and backwards looking) inflation data. Further rate rises from here are concerning the market, in particular bank stocks. Our view is it is all largely noise, rates are unlikely to rise much further, if at all. A normalised interest rate environment (i.e RBA cash rate of 3-5%) is positive for bank margins, thus earnings, and thus share prices.

Furthermore, resources stocks were mixed as China's reopening out of Covid lockdowns has stalled (or never really started as expected). All eyes are looking for capita works stimulus from the Chinese government, which we feel is more a matter of when, not if.

The Portfolio continues to outperform the All Ordinaries and its CPI +5% return objective over the long-term, despite the unusually high inflation experienced over the last 18mths.

Importantly for investors looking for less volatility in their shareholdings, the Portfolio has experienced materially less volatility than the Australian market (Beta 0.72).

Top Performers


VanEck MSCI World Ex Aus Quality Hedged ETF (QHAL)	+10%
ANZ Group (ANZ)	+18%
Challenger (CGF)	+4%
Vanguard Aust. Property Index (VAP)	+4%
Woodside Energy (WDS))	+3%

Top Holdings

VanEck MSCI World Ex Aus Quality Hedged ETF (QHAL)	9.3%
Commonwealth Bank (CBA)	6.5%
Telstra Group (TLS)	5.3%
BHP Group (BHP)	5.1%
Vanguard Aust. Property Index (VAP)	4.4%

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

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Portfolio Details

Investment Objective:

CPI + 5%p.a. over rolling 5-year periods

Benchmark:

S&P/ASX All Ordinaries Index

Minimum Investment:

\$50,000

Management Fee:

0.75%

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

Stock of the Quarter

Seven Group Holdings (SVW) is a large industrial equipment and investment company.

The main operating business is WesTrac, the sole authorised Caterpillar dealer for New South Wales, Australian Capital Territory and Western Australia.

WesTrac has 100% interests in Coates Hire and AllightSykes. WesTrac is the dominant heavy-equipment supplier in its authorised regions and offers strong exposure to the local government, construction, and mining sectors.

Seven Group holds a 40% interest in ASX listed Seven West Media, a 30% interest in Beach Energy and 70% interest in Boral Limited.

Kerry Stokes holds a 68% shareholding in Seven Group, providing a dominant position on company strategy, structure, and management.

About the Portfolio Manager

Oakleigh Investment Management Pty Limited (Oakleigh Investment Management) is the Portfolio Manager of several investment portfolios, including the Oakleigh Flagship Equities 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.

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 on CPI + 5% per annum where CPI is Consumer Price Index, Australia. CPI + figures shown here use the most recent published figure based on CPI data issued by the Australian Bureau of Statistics (ABS). The quarterly Target Return is calculated based on a quarter of the most recent publicised annualised CPI rate (due to the quarterly CPI not being released by the ABS for one month after the end of the latest quarter).
3. Inception Date 16 October 2020.

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 Flagship Equities Portfolio.

Important information

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The disclosure document for the Oakleigh Flagship Equities 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.



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